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FINANCIAL TIMES

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World Business Newspaper WEDNESDAY APRIL 26 1995 D8523A

Mahathir cruises to easy victory in Malaysian election

The 14-party National Front coalition led by Malaysian prime minister, Dr Mahathir Mohamad, was heading for a landslide victory as votes continued to be counted in the general election last night. With 112 of the 192 parliamentary seats declared, the National Front had won 97 seats, ensuring a simple majority. Early indications were that the group would control well over two-thirds of the seats in the lower house of parliament. Page 14

Hoechst profits up 94%: Hoechst reported an unexpectedly large 94 per cent leap in first-quarter pre-tax profits, spurring optimism about earnings *prospects for the German chemicals sector. Page 15*

Actress Ginger Rogers dies:

Ginger Rogers (left), best known as the dance floor partner of Fred Astaire in a string of Hollywood musicals, died of natural causes at her home in California aged 83. During the 1940s Rogers was one of the highest-paid, most sought-after Hollywood stars. She appeared in a total of 73 movies and won an Academy *Award as best actress in 1940 for her role the drama Kitty Foyle.*

NBC group pulls out of TV bid: The consortium formed by US network NBC and Mirror Group, the British newspaper publisher, to bid for the UK's new Channel 5 television licence pulled out of the bidding less than a week before applications go in. Page 9

Lloyd's to improve debt collection: Lloyd's of London announced tough measures to improve collection of £800m ($1.3m) owed by Names, in a move designed to reduce the financial pressures faced by the insurance market. Page 8

Germany criticised over EU market: The European commissioner responsible for the internal market strongly criticised Germany for its laggardly performance in contributing to a border-free internal market. Page 2

Nabisco shares drop: Shares in US tobacco and food group RJR Nabisco fell in early New York trading yesterday after the company produced a worse than expected performance from its cigarette businesses in the first quarter. Page 16

Vietnamese mark war's end: Vietnamese premier Vo Van Kiet has called for better relations with the US and said celebrations marking the 20th anniversary of the fall of Saigon and the end of the war were not meant to raise bad feelings. Page 5

Cathay Pacific faces Chinese challenge: China's national airline has taken the first step towards setting up an airline based in Hong Kong, in a potential challenge to Cathay Pacific's position as the territory's flag carrier. Page 14

GM plans $2bn stock buy back: General Motors has offered to buy back three issues of preference stock at a cost of $2.28bn, although the carmaker said it expected a take-up rate of less than 50 per cent. Page 18

Salomon earnings at $81m: Salomon, parent of the troubled Salomon Brothers investment bank, announced first-quarter earnings of $81m, 23 per cent up on the same period in 1994. Page 17; Lex, Page 14

ILO warns of pension burden: Pensions and healthcare for the elderly threaten to place a crippling social burden on most industrial economies within the next 10 years, the International Labour Organisation warned. Page 4

US consumer confidence high: US consumer confidence rose to its highest level in five years, indicating that the economic expansion may regain momentum later this year. Page 6

Chinese fire kills 51: Fire tore through a cinema and karaoke complex in China's far western Xinjiang region, killing 51 people, local officials said. The blaze in the Xinjiang capital of Urumqi was the latest in a series of devastating fires to hit the largely Moslem region.

Nigeria prolongs army rule: A Nigerian constitutional conference gave military ruler General Sani Abacha an open-ended term in power, reversing an earlier decision that he should step down in 1996. Page 4

Soldiers cut off Rwandan camp: Tutsi soldiers cut off food and water supplies to Hutus besieged in Kibeho camp in south-western Rwanda, where thousands were slaughtered at the weekend.

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	4,300.17	(-3.81)
NASDAQ Composite	829.85	(+0.14)
Europe and Far East		
CAC40	1,945.93	(+27.42)
DAX	2,066.99	(+30.78)
FT-SE 100	3,214.9	(+5.6)
Nikkei	16,910.54	(+106.49)

US LUNCHTIME RATES

Federal Funds	5 15/16%
3-mth Treas Bills: Yld	5.838%
Long Bond	103 5/16
Yield	7.343%

OTHER RATES

UK: 3-mo Interbank	6 13/16%	(6 13/16%)
UK: 10 yr Gilt	100 11/32	(101 1/16)
France: 10 yr OAT	97.8	(98.01)
Germany: 10 yr Bund	101.99	(101.9)
Japan: 10 yr JGB	108.848	(108.772)

NORTH SEA OIL (Argus)

Brent 15-day (June)	$18.76	(18.55)

GOLD

New York: Comex		
(Jun)	$392.3	(393.1)
London:		
close	$390.0	(391.4)

DOLLAR

New York: lunchtime		
£	1.6155	
DM	1.3685	
FFr	4.826	
SFr	1.1385	
Y	81.885	
London:		
£	1.614	(1.6079)
DM	1.365	(1.3699)
FFr	4.8228	(4.8465)
SFr	1.1276	(1.135)
Y	81.635	(83.35)

STERLING

DM	2.2031	(2.2026)
Tokyo close:	Y 83.05	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz.	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00
Finland	FM15	Kuwait	Fils625	Portugal (m'land)	Es230	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

G7 ministers focus on dollar fall

Governments push for medium-term strategies as US currency drops further

By Peter Norman, George Graham and Robert Chote in Washington

The Group of Seven leading industrial countries yesterday put the falling dollar at the centre of their discussions on the world economy but seemed neither willing nor able to adopt emergency short-term measures to prop it up.

As the finance ministers and central bank governors from the US, Japan, Germany, France, Britain, Italy and Canada began talks, it became clear that their discussions would focus on correcting underlying economic problems in their countries.

It appeared that their aim would be to emphasise a medium-term approach to economic policymaking in the hope that this would paper over the differences in the group and ease the turmoil that has hit currency markets this year.

However, there was little sign that the talks would dissuade financial markets from selling the dollar, which fell again against the yen, D-Mark and sterling in currency trading ahead of yesterday's meeting. It lost most ground against the yen, closing in London at Y81.635 from Y83.2 earlier in the day. It was steadier against the D-Mark and sterling, but still finished lower at DM1.365 and $1.614.

Speaking before the talks, Mr Theo Waigel, the German finance minister, disclosed that he had told Mr Robert Rubin, the US Treasury secretary, by telephone on Monday that a weak US dollar was not in the interests of the world economy or of the US.

It could endanger world growth. Also "the US must be interested in a strong currency in its own interest and as a world power," Mr Waigel said.

But the German minister added that the G7 was not a group that could take exchange rate decisions. The present currency imbalances, such as the overshooting downwards of the dollar, needed to be addressed by the individual G7 countries putting their own policies in order.

This message was echoed by US president Bill Clinton. He told the Des Moines Register newspaper that the dollar's fall was partly the result of Japanese internal conditions.

It was also caused by investors' uncertainty over how seriously the US took its budget deficit. He blamed the Republican-controlled House of Representatives for passing a $200bn tax cut without passing a budget that kept the deficit on a downwards path.

"Once the financial markets see that I am serious ... then they will stabilise and go forward," Mr Clinton said in an interview.

There was little that could be done by government intervention in the currency markets, and raising interest rates to support the dollar – a course urged this week by Mr Michel Camdessus, the managing director of the International Monetary Fund – was "of questionable value".

"We aren't going to do ourselves any good to spark a recession here at home by raising interest rates further," he said.

Mr Waigel said that it was not just the US which had to adapt its policies. Japan must turn its economic support package into action by deregulating its economy and opening its domestic market more to imports. European countries, including Germany, needed to do more to cut budget deficits and make labour

Continued on Page 14

IMF may be given more teeth, Page 4

Kremlin seeks a brief halt to war in Chechnya

By Chrystia Freeland in Moscow

The Kremlin plans to call a temporary halt to military operations in Chechnya ahead of the arrival of western leaders in Moscow for celebrations to mark the 50th anniversary of the second world war victory.

The Russian campaign in Chechnya has put US president Bill Clinton under pressure in Washington not to go to Moscow.

Mr Victor Chernomyrdin, the Russian prime minister, attempted to ease some of that pressure by suggesting a moratorium would be formalised by a presidential decree this week.

"We want, through this decree, to appeal to everyone to stop military actions during this sacred period and we would very much like everyone to respond," Mr Chernomyrdin said.

Even if the Kremlin's political decision is obeyed by Russian forces in Chechnya, the move underscores the political dangers Moscow's May 9 celebrations could pose for western leaders who have promised to attend, including Mr John Major, the British prime minister.

Russian authorities have made complicated arrangements designed to spare western leaders potential embarrassment by cancelling plans for military displays during the celebrations. But Moscow's failure to totally subdue Chechen separatists after more than four months of fighting still threatens to cast a pall over the event.

In particular, Russian human rights activists have accused the government of launching particularly brutal attacks on the remaining Chechen strongholds over the past few weeks as part of Moscow's effort to tidy up domestic affairs before the anniversary.

The activists accused Russian soldiers of conducting a "massacre" of the civilian residents of Samashki, a beseiged town.

Another problem for the Kremlin is the danger that political decisions taken in Moscow might not be heeded by

Continued on Page 14

Meridien put into liquidation amid group crisis talks

By Joel Kibazo in London

Meridien International Bank, which controls the troubled African banking group Meridien BIAO, has been put into liquidation by the Bahamas Supreme Court after a claim brought by the Central Bank of Swaziland.

The move late on Monday took Meridien BIAO by surprise and is expected to deepen the turmoil at the group, which has faced a mounting liquidity crisis since the beginning of the year. The Meridien BIAO board had been meeting in Paris in an attempt to address the group's crisis.

Meridien BIAO said yesterday that Mr Andrew Sardanis, chairman and founder of the Meridien group of companies, had resigned as chairman although he is to remain on the board.

Mr Nfor Susungi, one of three men appointed yesterday to an interim management committee, said: "I expect the banks in Africa to continue functioning as we take an active assessment of the liquidity situation of each bank." He expected central banks in the 16 countries where Meridien BIAO still operates, to look into liquidity of the banks in their jurisdiction.

Swaziland's claim is understood to have been in the region of $5m and is thought to have arisen from deposits made by Meridien BIAO Bank Swaziland with Meridien International Bank in the Bahamas.

Mr Susungi said: "All we know is that the deposits from the various banks found their way to the Bahamas. We had no way of knowing this was happening." Mr Susungi said the board had been questioning country managers in Paris when news of the liquidation came through.

Central bank authorities in Swaziland, Kenya and Zambia, where Meridien BIAO is headquartered, have taken over the management of local Meridien BIAO operations since the beginning of March, citing large foreign exchange exposure positions. Tanzania took the same action early this month.

The Swaziland operations have since been sold to First National Bank of South Africa and Tanzanian authorities said last week that talks with Standard Bank of South Africa to acquire the local operations are at the final stage.

Apart from Mr Susungi, who represents the African Development Bank, which has a 10 per cent stake in Meridien BIAO, the interim management comprises Mr. B. Yayi who represents Banque Ouest Africaine de Developpement, which holds a 16 per cent stake, and Mr Guy Sauvanet, general manager of Meridien BIAO bank Cameroon. The other 74 per cent was held by Meridien International Bank, ultimately controlled by Mr Sardanis's family trusts.

Anti-nuclear activists protest against the arrival in Japan of the first shipment of Japanese nuclear waste after treatment in France. The Pacific Pintail docked at Mutsu Ogawara, 70km north-east of Tokyo, one day late after a dispute over disposal.

Meanwhile a nuclear waste shipment arrived safely at a depot in north Germany despite attempts to block its way across the country. N-waste row resolved, Page 5; Safety fears at Japanese site, Page 10; German plant takes first delivery, Page 2 Picture: EPA

French presidential rivals try to woo Le Pen supporters

By David Buchan in Paris and John Ridding in Orleans

Campaigning by Mr Jacques Chirac and Mr Lionel Jospin for the decisive second round of France's presidential election got under way yesterday amid new controversy about wooing the 15 per cent of votes won by Mr Jean-Marie Le Pen, leader of the far-right National Front, on Sunday.

Mr Jospin, the Socialist candidate who topped the first round with 23.3 per cent of the vote, said the race was now an open one. He told supporters that while the French left might be in a numerical minority, its values were shared by a majority. Claiming a new "dynamic" for his campaign as the candidate of "real change", he painted his Gaullist rival as a true conservative.

The right, meanwhile, was busy integrating the forces of Mr Edouard Balladur, the prime minister, who won 18.5 per cent but was eliminated, into those of Mr Chirac who gained his place in the May 7 run-off with 20.8 per cent.

Mr Chirac opened his second round campaign in Orleans with a strong attack that pinned on Mr Jospin responsibility for the 14 year record of Socialist president François Mitterrand. "Mr Jospin is suggesting nothing which has not already been tried and failed," Mr Chirac said.

The Gaullist candidate went on to express anxiety about the breakdown in law and order in some French urban areas, and to call for "bigger and specially trained police forces", in a clear response to some of the factors that have led people to vote for Mr Le Pen. "We must re-establish solidarity towards inhabitants of disadvantaged areas who have lost hope of living in peace and have been left to the mercy of daily violence and delinquency," he said.

Earlier, however, criticism rained down on Mr Charles Pasqua, the interior minister and erstwhile Balladur supporter, for making a naked pitch at the National Front vote by suggesting France reintroduce "a dose of proportionality" in the way it elects MPs. When a degree of proportional representation was introduced in 1986, the Front got 35 parliamentary seats, and lost all but one when the system was scrapped two years later.

Electoral change could be discussed, Mr Philippe Séguin, the Gaullist National Assembly president, said yesterday. "But not before May 7, because this could be taken as a wink to the National Front, and there will be no such wink." Mr Pasqua's suggestion did not even satisfy the Front, which complained that Mr Chirac should have made the proposal.

Mr Jospin is also trying to win over Le Pen supporters while firmly denying any deal with their leader. At a southern rally on Monday, Mr Jospin described Le Pen voters as "men and women who should be with us".

Flexible face of Chirac, Page 12

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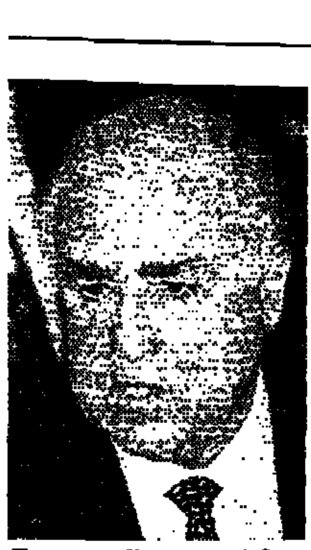
NEWS: EUROPE



Chernomyrdin: support from the president

Russia's PM plans centrist grouping

By Chrystia Freeland in Moscow

Mr Victor Chernomyrdin, the Russian prime minister, announced yesterday that he was creating a centrist political movement to compete in December's parliamentary elections. His initiative brought rapid support from President Boris Yeltsin, who suggested it could be part of a broader effort by the administration to create a sympathetic political powerbase for the elections. Earlier this year, Mr Yeltsin's supporters created Stabilnost, a parliamentary faction, committed to supporting the president. However, neither Mr Yeltsin nor Mr Chernomyrdin clearly stated that the new bloc would be formally allied with the president, giving rise to speculation that Mr Chernomyrdin could be laying the foundations of a personal bid for the presidency in elections slated for June 1996.

Yesterday's high profile announcement was a radical departure for Mr Chernomyrdin, who came to politics from being the head Gazprom, Russia's monopoly gas exporter. Appointed prime minister in December 1992, he has presided over some of the most painful political and economic convolutions which Russia has undergone since the collapse of communism. But he is now seeking to position himself, and his new political bloc, as a centrist movement which will protect Russia against further upheavals. "Russia has had enough shocks and revolutions. It should not be turned into a political testing ground. Russia is our home, where accord and stability should reign and we should ensure this," Mr Chernomyrdin said.

Mr Yeltsin, who in the past has slapped down any allies who appeared to be developing independent political aspirations, praised Mr Chernomyrdin as "an experienced, authoritative leader" and "a professional". He hoped that in forthcoming elections "Russians will realise that professionalism and experience are far more important than irresponsible rhetoric".

Mounting public dissatisfaction with the traumatic upheavals Russia has undergone since the collapse of communism and the Soviet Union has led many analysts to predict communists and extreme nationalists will win a landslide victory at the expense of the current administration in the parliamentary and presidential elections. It has even been suggested that elections be postponed because of the danger that they would bring extremists to power.

Both the president and the cabinet of ministers, over which Mr Chernomyrdin presides, have been further weakened by the rift the Chechen war has created between them and Russia's Choice, the largest, but increasingly unpopular, reformist party. That split has led the administration to seek a new powerbase.

Banks eye Russian companies

By John Thornhill in Moscow

Confidential documents leaked yesterday revealed further details of a shadowy proposal by some of Russia's biggest banks to loan the government money in return for managing the state's shareholding in many leading companies.

A consortium of leading banks, including Menatep, Oneximbank, Inkombank, and Stolichnyi, is proposing to loan the Moscow government Rbs9,100bn to help cover its budget deficit in return for the right to issue zero-coupon bonds which could be converted into a packet of shares in privatised companies at any point in the next three years.

The consortium would offer the bonds at a price fixed between the shares' current market value and a much higher nominal price. If the bonds remained unconverted after three years, the government would redeem them at that nominal price.

One western financier expressed worries about the control the banks would exercise over the privatised companies if they held the shares, and their ability to carry out the plan, but said: "Maybe the government should just take the banks at their word. The government could borrow the money from the banks and put the shares in an escrow account held by the World Bank to test their intentions. My sense is the banks would then run a mile."

The banks suggest that the package of shares should include several oil companies and other powerful enterprises, such as the UES electricity generator and the Rostelekom telecommunications company, in order to diversify the risks.

The bonds, which would be issued and traded by the banks, could also be sold overseas in the form of American Depositary Receipts. They would be traded in roubles but denominated in US dollars.

The consortium's proposals have met with a mixed response from the government. Mr Victor Chernomyrdin, the prime minister, has welcomed the approach in principle but some more junior ministers are worried that the banks could exercise undue influence over the companies to the detriment of other investors.

An internal document from the state property agency, which is supervising the second stage of privatisation, reveals that it is considering the banks' proposals favourably.

It is considering three options:

- The government could press ahead with the mass sale of 7,186 enterprises via cash auctions, although this threatens to flood Russia's fragile capital markets with too much paper.
- It could transfer the state's assets to the consortium of banks which would manage the companies more aggressively than the state and help prepare them for sale after three years.
- The government itself could issue zero-coupon state bonds convertible into shares in privatised companies at any point in the next three years.

Fierce contest for second sell-off

Chrystia Freeland and **John Thornhill** on a striking contrast with Russia's first wave of privatisation

When Russia launched its mass privatisation scheme in 1993 it took a leap into the unknown. So shaky was public confidence in, and understanding of, the significance of privatisation that many Russians swapped their privatisation vouchers – which today could have been exchanged for shares worth hundreds of dollars – for a bottle of vodka.

Two years on, the Russian government is preparing a second wave of privatisation. The ownership of some of the country's most attractive companies, including its gas monopoly, telephone network, electric grid and leading oil enterprises, is up for grabs. Even the political opponents of mass privatisation have realised it amounts to one of the biggest fire sales of assets in history.

As a result, the indifference which greeted the first wave of privatisation has been replaced by a fierce competition among Russia's élites to acquire the largest possible chunk of the country's patrimony at the *lowest possible price*.

Although Russia's first wave of privatisation put a significant stake in almost all Russian companies into private hands, it did not fully privatise the economy, as the government retained a significant share in most.

Earlier this month, the government *published a list of* state companies in which its stake will be sold off at cash auctions later this year, but officials have not yet decided how to dispose of the state's stake in the most important and most valuable companies.

The government's task has been complicated by the volatile nature of Russia's infant capital markets, which have crashed in the aftermath of the Mexican crisis, and its pressing need to raise Rbs9,100bn ($1.8bn) to help cover its budget deficit this year. Ministers fear it will be difficult to sell the state's shareholdings in a series of cash auctions – as at first envisaged – without flooding the market. Moreover, many government and business leaders have raised misgivings about the plan.

Several alternative proposals *have already been aired* by some of Russia's private financial institutions – itself a sign of the dynamism of the unleashed private sector.

Some seem little more than grand ambition and wishful thinking, but the most radical and serious suggestion has come from a consortium of *Russia's most powerful banks* which is offering to step into the financial breach by loaning the government the money needed to cover the budget deficit in return for holding its shares in trust for a limited period.

The banks, which include Oneximbank, Menatep, Stolichnyi and Inkombank, have already been increasing their activity in Russia's capital markets and appear the only domestic institutions with sufficient cash to take on the government's stake and inject fresh funds into industry.

The banking consortium's proposal, first broached at a cabinet meeting three weeks ago, could radically reshape the Russian economy and, its proponents say, move it towards a German or Japanese model of corporate finance *where the banks and large* corporations act in an intimate and mutually supportive way.

Mr Miljenko Horvat, head of the Moscow office of Citibank, says the proposal offers huge advantages for the banks and he would like to be part of it. "Why buy Russian treasury bills if you can make a loan to *the government on generous* terms and have collateral in the form of shareholdings in some of Russia's strongest companies?" he says.

But Russia's industrial bosses are less keen. Most are former Soviet directors, whose power has been enhanced rather than diminished by the first wave of privatisation which loosened the government's grip over their enterprises but failed to replace it with a single powerful private-sector shareholder. For them, the bankers' proposal represents a dangerous challenge to their near total authority.

The managers' counter-attack has been led by Mr Rem Vyakhirev, chairman of Gazprom, Russia's largest company which retains close links with its former *director, Mr Victor Chernomyrdin*, the prime minister. Mr Vyakhirev recently warned that "as long as I am alive I will fight so that no one includes Gazprom in this plan".

Another of Russia's executive heavyweights, Mr Vagit Alekperov, president of Lukoil, the big oil company, has also publicly voiced his reservations about the proposal.

Some Russian liberal politicians have raised political *objections* to the bankers' proposal, which is also bound to run into opposition in parliament. They have expressed concerns that a backroom deal between the government and the banks would yield less revenue for the state than a properly managed and more transparent public sale.

Mr Dmitry Vasiliev, deputy head of the Federal Commission on Securities and Capital Markets, says the proposals smack of a return to communism when a small group of individuals controlled vast tracts of the economy.

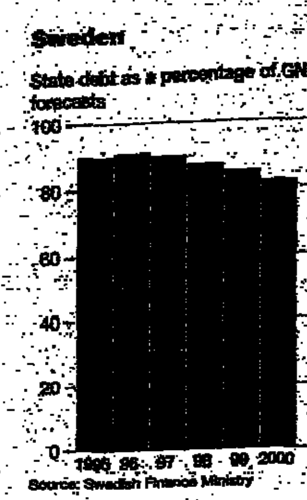
Western investors, fearing that the proposal would lock them out of the Russian market, have also been strongly – though privately – opposed.

"This proposal is a quick and dirty way to make a killing at the expense of the Russian *people and the Russian government*," a western banker says. "This is an important turning point: either Russia will take a gigantic step backwards into insider trading and backroom deals or it will move towards an open market economy."

Sweden cuts spending and raises taxes

By Christopher Brown-Humes in Stockholm

Sweden's minority Social Democratic government yesterday intensified its drive to close a gaping hole in its finances when it unveiled a SKr15.7bn ($2.1bn) package of measures to cut spending and raise taxes in its supplementary budget.



Mr Göran Persson, finance minister, said the programme would cut the budget deficit by SKr115bn, or 7.5 per cent of gross national product, by 1998 when added to measures already announced by his own party and the previous centre-right government. This would bring the primary budget, which excludes financing costs, into balance.

The minister described the measures as "the biggest cleaning up programme ever mounted in Europe". But the package was immediately attacked by leading economists for not making deeper inroads into Sweden's famously lavish welfare state.

Market reaction was subdued, however, as the central proposals had been widely leaked in advance.

Mr James McKay, international economist at PaineWebber International in London, said: "The lack of spending cuts is likely to leave the economy in a very poor position to survive the next downturn without explosive fiscal deficits recurring."

Mr Persson will make deep cuts in Sweden's annual budget deficit of SKr160bn, or 11 per cent of GNP, and reduce state debt from an expected peak of 91 per cent of GNP next year.

The aim is to reduce long-term interest rates, which have soared to 11.5 per cent this year – more than 400 basis points above German levels – and strengthen the krona, which plunged to a record low against the D-Mark on Monday.

Many of the cuts announced yesterday, including a plan to cut unemployment, sickness and parental leave benefits, were foreshadowed in a parliamentary debate three weeks ago.

Net new savings amount to only SKr3.6bn because of a cut in VAT on food, EU membership costs, and higher than expected interest payments on state debt.

The government also plans to raise SKr23.4bn from a one-off levy on state companies and adjustments to VAT payment rules. Most of the proceeds will be used fund a job creation programme.

The package is guaranteed passage through parliament because of support from the Centre party.

The government expects economic growth of 2.5 per cent this year and 2.9 per cent in 1996. It forecasts a budget deficit of SKr214bn in the 18 months from July 1995 to December 1996, which is SKr30bn less than it predicted in the main January budget. The borrowing requirement for the same period will be SKr199bn.

Helmeted German riot police chase demonstrators at Dannenberg yesterday amid attempts to halt the train carrying nuclear waste to the storage plant at Gorleben Reuter

German nuclear waste plant takes first delivery

By Judy Dempsey in Berlin

The German government and the nuclear industry lobby yesterday won their decade-long attempt to have nuclear waste material transported to the Gorleben waste dump, in the state of Lower Saxony.

The 10 tonnes of waste plutonium and uranium was carried aboard a train encased in 100 tonnes of Castor cast-iron containers. There were fears that demonstrators along the 600km train route from the Philippsburg nuclear reactor in Baden-Württemberg to Gorleben would damage the rail tracks. But a massive security operation, costing an estimated DM50m ($36.5m) and involving thousands of police, proved too much for the protestors.

The demonstrators had wanted to stop the transportation, nicknamed "Castor", for two main reasons. They contended that the Castor cast-iron containers were unsafe for transportation, and they argued that once nuclear waste was stored at Gorleben, the chances for nuclear power having a secure future in any new energy strategy would be boosted.

Until this week, the nuclear waste complex at Gorleben had remained idle for more than a decade. A combination of legal wranglings, a struggle between the Social Democratic government of Lower Saxony and Bonn, and strong environmental and anti-nuclear lobbies, kept Gorleben's gates closed. The nuclear industry, instead, had to send its waste to Britain's Sellafield or France's La Hague. Castor's arrival at Gorleben could change that.

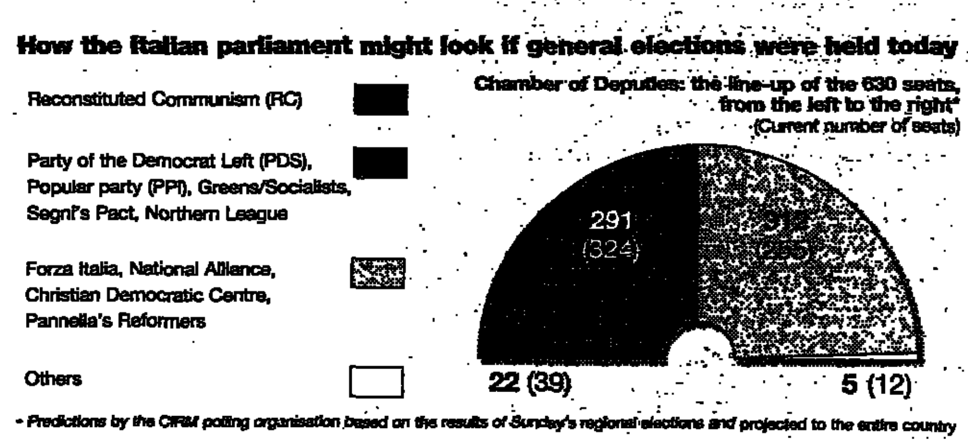
It could also influence the outcome of crucial energy consensus talks between the government and the opposition Social Democrats (SPD), which reconvened last night but adjourned without agreement until June. These talks, aimed at seeking agreement on a long-term energy policy based on an "energy mix" of coal, gas, nuclear and regenerative power, are already paralysed by fundamental differences between Chancellor Helmut Kohl's Christian Democrats (CDU) and the SPD.

The CDU is committed to nuclear energy, which already accounts for 30 per cent of Germany's needs, while the SPD is divided between those who favour a complete phasing out of nuclear power, and those who would deal with the industry on a case-by-case basis. At the same time, the SPD wants renewable energy to play a much greater role.

Robert Graham assesses the results of last Sunday's local elections

Centre-left floors Berlusconi

Italians have had a rough lesson in virtual reality as a result of last weekend's key regional and local elections.



Exit poll forecasts on Sunday night were willingly accepted by political parties, candidates and pundits alike; and victory was immediately awarded to the rightwing alliance headed by the former premier, Mr Silvio Berlusconi.

Yesterday, the newspaper headlines and commentaries had to be completely rewritten. The centre-left alliance, dominated by the former communist Party of the Democratic Left (PDS), had in fact walked away with nine of the 15 mainland regions: Abruzzo, Basilicata, Emilia Romagna, Lazio, Liguria, Marche, Molise, Tuscany and Umbria. The PDS itself obtained 25 per cent of the vote and, *for the first time* in Italy's post-war history, a party of the left became the largest single political force.

Errors of 5 per cent and more occurred in the exit polls, making a vital difference in individual regions when both alliances ended up nationwide with just over 40 per cent of the vote each. Part of this was the result of an electorate thoroughly confused by an extremely complex voting system. Yesterday, the interior minister said that almost 10 per cent of the voting slips had been invalid either because they were blank or improperly completed. This was three times the average.

But even if the exit polls failed, the centre-left alliance and its chief organisational force, the PDS, was surprised by their success. Mr Massimo D'Alema, the party leader, predicted last week that his alliance would win seven regions, with eight going to the Berlusconi camp. The PDS also did not believe it could overtake Mr Berlusconi's Forza Italia movement.

Mr Berlusconi and his advisers were in part responsible for their indifferent showing. During his 18-month career in politics, Mr Berlusconi has never been involved in regional and local elections. By insisting on fighting this poll, affecting 90 per cent of the electorate, as if it were a general election, he largely ignored local issues. He also assumed he could make up for Forza Italia's lack of local organisation and roots through the sheer force of his national presence, especially via television. These errors were combined with an often poor selection of local candidates.

The PDS, on the other hand, was the one party with a well-structured national organisation which was put at the service of the centre-left alliance. Local issues were treated far more seriously – particularly corruption.

The PDS itself was able to point to its strong record in local government, which it inherited from the former Communist party but has maintained despite the break-up of the old party system. It is no accident that Emilia Romagna and Tuscany are the two best administered regions in Italy: they have been run for the past four decades by conscientious leftwing administrations (as *have the majority of the individual towns and cities there*).

If his alliance had won in Sunday's polls, it would have provided an excellent opportunity for Mr Berlusconi and his allies to demonstrate they could do better. But in both regions there was a 20 per cent gap between the winning centre-left candidate and the challenger from the right.

In ideological terms, Sunday's results suggest the communist label is beginning to disappear and voters are accepting the PDS has become social democrat in outlook. This metamorphosis has made it easier for the groupings that fought the last general election in the centre – the Popular Party (PPI) and the movement round Mr Mario Segni, the referendum leader – to move under the PDS wing.

The new alliance was first tested successfully last autumn in the fight for the town hall of the northern industrial city of Brescia. Despite the obvious dominance of the PDS, Sunday's elections have proved the appeal is much wider. Arguably the decisive element here was the choice two months ago of Professor Romano Prodi, former head of the Iri state industrial holding company, as leader of the new alliance.

Prof Prodi, an acknowledged Catholic with good contacts in the political world once controlled by the long-ruling Christian Democrats, has pulled the PDS towards the centre-ground of politics where the decisive floating vote lies.

The PPI was split by the Prodi initiative and Mr Rocco Buttiglione, its leader, left to join the Berlusconi camp. However, the poll clearly vindicated Prof Prodi's appointment as leader of the centre-left. The PPI vote held up remarkably well on the centre-left at close to 7 per cent (Mr Berlusconi had boasted of gaining more than half the total vote with PPI defections).

The divisions in Italy caused by the Mussolini era were evident yesterday as the country celebrated the 50th anniversary of its liberation from fascism, writes Robert Graham. At the main national ceremony in Milan, a delegation of the rightwing Forza Italia movement pulled out of a procession after a hostile crowds pelted delegates with coins. Mr Silvio Berlusconi, the former prime minister and leader of Forza Italia, had earlier declined to attend on security grounds. However, his absence was also due to protests from the populist Northern League over his links with fascism – a reference to his close partnership with the National Alliance, heir to the neo-fascist MSI.

Germany condemned by EU as a free market laggard

By Emma Tucker in Brussels

Mr Mario Monti, European Commissioner responsible for the internal market, yesterday strongly criticised Germany for its laggardly performance in contributing to a border-free internal market.

He was speaking as new Commission figures showed that Germany has the worst record after Greece and Ireland for adopting EU laws aimed at the creation of a barrier-free market.

Mr Monti said Germany should pay as much attention to making the European single market work as it does to preparations for a single currency.

"It's natural to consider the position of Germany with special interest given its very important role in the European economy," he was reported as saying in Brussels.

Germany has transposed only 89.5 per cent of EU directives into national law, equal with Italy and the third worst performance; this compares with an EU average of 92.3 per cent, and Denmark's top score of 98.2 per cent.

In spite of Germany's role as the EU's most powerful economy – along with France it is considered the motor behind European integration – the country has consistently performed badly at adopting EU harmonisation measures, particularly in areas such as public procurement.

The Commission believes that as Germany has the largest economy in the EU, its delay in implementing EU measures has a bad knock-on effect, setting a bad example to the smaller member states.

Yesterday a German government spokesman said the delays were a reflection of the German political process, in particular the involvement of the länder (states), rather than a lack of goodwill within the government.

"Our legislative process is so complicated. Very often, when it comes to the internal market, there is not just a parliament act involved but the länder are also heavily involved too...I can't see any particular resistance against EU legislation at the top of the German administration," he said.

But an EU official said this was a poor excuse. "All member states have their own complicated internal processes," said the official.

For Germany, the most troublesome area continues to be public procurement where five laws have not yet been adopted at a national level. However, laws on the transport of radioactive waste, pharmaceuticals, banking, securities, company law and intellectual property are also outstanding.

Infringement proceedings are started against Germany, or any other member state, if the date set for adoption of an EU law at a national level is not met.

The Commission also checks that the content of the national law complies with the original's spirit and letter.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850. Fax ++49 69 596 4481. Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
GERMANY:
Responsible for Advertising: Colin A. Kennard. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International). ISSN 0174-7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: D. Good, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.

Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
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NEWS: EUROPE

EUROPEAN NEWS DIGEST

Turkey begins troop pull-out

Turkey has begun withdrawing its troops from northern Iraq, claiming success in its campaign against guerrillas of the separatist Kurdistan Workers party (PKK) entrenched there. The army says 20,000 troops are withdrawing, leaving about 12,000 behind who will probably pull out next month. Turkish troops swept into northern Iraq five weeks ago backed by armour, artillery and air power in what Mrs Tansu Çiller, the prime minister, claimed was the largest military operation in Turkey's modern history. Commanders say troops destroyed PKK camps and killed 505 guerrillas. However, the incursion was criticised in Europe and the US. Germany and the Netherlands froze military aid to Turkey, and the European parliament said the incursion jeopardised a customs union between Turkey and the European Union.

Fighting with the PKK inside Turkey continues. Most of the clashes are taking place in Tunceli province, far from the Iraqi border. The army now claims to have killed Semdin Sakik, a PKK leader in Tunceli. Mrs Çiller has intimated that crushing the PKK will allow her to introduce long-delayed domestic political reforms, notably a relaxation of Turkey's strict security laws. *John Barham, Istanbul*

Crimea seeks referendum

Crimea's pro-Russian parliament yesterday called a referendum for June 25 on Kiev's recent crackdown on the Ukrainian autonomous peninsula. Local leaders want Crimeans to vote to reinstate the local constitution and presidency, both of which were abolished by Ukraine last month. Ukraine, acting to snuff out a separatist movement in the predominantly Russian peninsula, appears unlikely to permit a referendum. Kiev's parliament might act today on a threat to dissolve the Crimean legislature, which is already divided between pro-Russian and pro-Ukraine factions. Western diplomats believe Kiev has managed to defuse the crisis by playing Crimean politicians against each other. Russian leaders, while claiming an interest in the peninsula, have called Crimea an internal Ukrainian matter despite protests from Russian nationalists. *Matthew Kaminski, Kiev*

Insurers to sue post office

The French Federation of Insurance Companies voted at its board meeting yesterday to sue the country's post office in the European Court of Justice over the preferential tax treatment granted by the French government. The legal action is being taken together with five other professional organisations representing the French insurance industry, who argue that the post office pays lower taxes while being permitted to sell insurance products that compete with their own. It comes at a time when the insurance sector is coming under intense competition over the costs of selling its products, and as debate about the connections between the post office and two state-owned insurers intensifies.

The lawsuit follows a rejection in February by the European Commission of the original complaint by the same organisations in 1990 after the French government changed the law concerning the privileges granted to the post office. Brussels argued that the public service duties placed on the post office offset the fiscal advantages that it had been granted – including both lower local and employee taxes.
Andrew Jack, Paris

German gas deal blocked

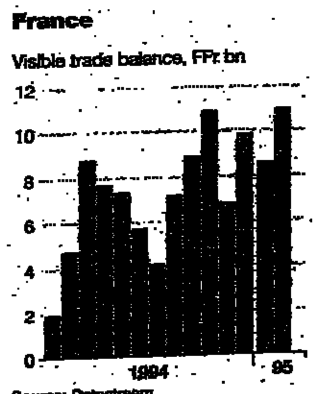
GFU, the Norwegian body which negotiates gas contracts on behalf of producers, yesterday rejected plans by Saga Petroleum, the country's biggest independent oil company, to enter the German gas market by blocking a contract to supply gas to Wintershall, a subsidiary of German chemicals group BASF. In February Saga Petroleum Deutschland signed a letter of intent to supply Wintershall with up to 22.5bn cubic metres of gas valued at an estimated NKr15bn ($2.4bn) over a 15-year period. The deal needed approval by a majority of GFU, which comprises Statoil, the Norwegian state oil and gas company, Norsk Hydro, one of the country's biggest gas producers, and Saga. However, Statoil and Hydro claimed that several sources of Norwegian gas competing in the German market would drive down prices. Saga says it is now considering how to sell gas to Wintershall without requiring the GFU's approval. *Karen Fossli, Oslo*

Russia turns back FT journalist

Mr Steve LeVine, a journalist for the Financial Times and Newsweek, has been refused entry to Russia after being declared an "undesirable person". Mr LeVine, a US citizen based in Kazakhstan, was detained on Tuesday night at Moscow's Vnukovo airport after arriving from Georgia with a valid entry visa. Russia's Ministry of Foreign Affairs said border guards had turned him back because he had previously been expelled from Uzbekistan. The ministry said a 1992 Commonwealth of Independent States treaty meant that a persona non grata in one state would be refused entry to other member countries. In recent months, Mr LeVine has been covering the conflict in Chechnya. *Foreign Staff.*

ECONOMIC WATCH

French trade surplus rises



Source: Datastream

High aircraft sales helped lift the French trade surplus to FFr11.03bn ($2.28bn) during February, according to official statistics released yesterday. The seasonally adjusted trade surplus, or the level by which exports exceeded imports, jumped sharply from FFr8.64bn in January and was only a little below its record level of FFr11.9bn in December 1993. The rise included the sale of 14 Airbus aircraft accounted for during the month for FFr6.49bn, compared with the sale of three for FFr1.01bn in January this year. The total value of exports reached a high of FFr119.48bn seasonally adjusted, against FFr116.47bn in January. Imports rose to a new high of FFr108.45bn in February, against FFr107.83bn the previous month. The agro-food surplus was FFr4.722bn against FFr4.37bn in January, and industrial net sales including military equipment was positive by FFr7.91bn against FFr4.26bn in the previous month. There was a positive surplus of FFr493m with other European countries, against a surplus of FFr4.04bn in January. This included a deficit of FFr870m against Germany. *Andrew Jack, Paris*

■ Sweden's industrial production rose a preliminary 1.9 per cent in February from January after a 1.8 per cent fall the previous month.

■ Belgium's seasonally adjusted industrial production index fell by 2.4 per cent in the year to September.

Austria's old parties feel winds of change

A fall in support has left the flagging coalition looking for new life, writes **Ian Rodger**

When the Austrian cabinet meets next week, ministers will notice that only five of the 21 full members and state secretaries are in the same seats they occupied a month ago.

Both parties in the governing coalition, the Social Democratic party (SPOe) and the conservative Austrian People's party (OeVP), have been rocked by resignations in recent weeks, the inevitable fallout of their dismal showing in last September's elections.

The only noticeable change arising from the wholesale cabinet overhaul is likely to be a reduction in tensions between coalition members. Yet that alone could be enough to prevent the already flagging coalition from collapsing in the near future.

On the surface, the most important change has been the election last Saturday of Mr Wolfgang Schüssel as OeVP leader (and thereby vice-chancellor), replacing Mr Erhard Busek.

The OeVP, long an uncomfortable alliance of businessmen, farmers and civil servants, has been losing popular support since the mid-1980s, mainly because it lost its power of patronage. Its current level – about 20 per cent, according to recent polls – is half what it was a decade ago.

Mr Busek, a passionate professional party official, was elected in 1986 to stop the rot. But after last September's elections, in which the party won only 27 per cent of the vote, the knives came out. Mr Busek was willing to go in January, but most plausible candidates refused to take up what looked like a hopeless task.

In the end, Mr Schüssel, a moderate conservative like Mr Busek, agreed to stand. But having been a member of the cabinet for eight years, mainly as economics minister, he is unlikely to rock the boat. "Busek with a bow tie," snickered Mr Jörg Haider, the charismatic rightwing Freedom party leader last week.

The other cabinet changes seem designed mainly to help the two ruling parties from falling out. In the last election, the two saw their combined vote fall from more than 80 per cent to 63 per cent, and polls indicate their support is now around 50 per cent.

Neither party seems able to escape from its identification with the opaque, cosy cabal that has run Austria in the post-war period. More and more people are sympathising with the three marginal parties, the Greens, the Liberals and especially the Freedom party, which has a significantly higher popular rating than the OeVP.


"Busek with a bow tie," remarked rightwing Freedom party leader Jörg Haider (left) after Wolfgang Schüssel (centre) replaced Erhard Busek (right) as leader of the Austrian People's party

Thus, unless and until the two old parties find some new source of life, they are likely to cling desperately to each other for survival.

One of the main threats to their unity was Mr Alois Mock, the long serving foreign minister who announced on Sunday that he would step down.

Mr Mock, a former OeVP leader, has never forgiven Mr Busek for beating him in 1986. During last September's election campaign, he mischievously mused that the OeVP should ally with Mr Haider rather than with the Socialists.

Mr Haider's hard anti-immigration, anti-European Union stance is anathema to many moderate OeVP supporters, and Mr Busek estimated that Mr Mock's outburst cost the party 4 per cent of the votes in the election.

Another controversial figure, Mr Ferdinand Lacina, finance minister since 1987, has gone. The government's main challenge these days is cutting public spending. Net contributions to the EU, which Austria joined in January, have combined with soaring social service costs to push the federal deficit near to 5 per cent of GDP.

Mr Lacina, a socialist whose previous deficit reduction campaigns did not bring about the desired results, found himself lacking credibility and support in the long and sulky negotiations for a 1995 budget. He was replaced by Mr Andreas Staribacher, a young tax lawyer with an investment banking background. Not being a politician, Mr Staribacher can tackle the even more difficult negotiations about to begin on next year's budget without having to worry about reopening old wounds.

Mr Franz Löschnak, the hardline internal affairs minister, fell victim to the police department's failure to track down the perpetrators of a frightening campaign of letter bombs. And Mr Josef Hesoun, the former labour and social affairs minister, proved too intransigent over negotiations to roll back some of Austria's extremely generous welfare entitlements in the last budget round.

Another question in Austrian political circles is the future of the chancellor, Mr Franz Vranitzky. Until the last election, the personal popularity of this calm former banker was the main reason the Socialists were not losing votes as quickly as the OeVP.

But the Socialists' big losses last September – from 43 per cent to 35 per cent of the popular vote – shook him severely. Mr Vranitzky has reluctantly agreed to remain until the next election, but it would be no surprise if he too began to feel pressure from party backers who see a need for renewal.

Multilateral debt dogma questioned

By George Graham in Washington

For years, international financial institutions like the World Bank and the International Monetary Fund have enjoyed almost sacred status as creditors: their loans have been repaid ahead of other debts and, although many countries have run up arrears, the word "default" has never been uttered.

But the dogma that debt owed to these multilateral creditors must never be written off is now being called into question because multilateral debt is rapidly emerging as one of the most pressing burdens for the very poorest of indebted developing nations.

Private money, while an increasingly important source of capital for emerging markets in Latin America and Asia, remains insignificant for much of sub-Saharan Africa. For a group of 41 countries classified by the IMF as combining low income with severe debt, private finance accounts for only 7 per cent of outstanding long-term debt.

More than half of their debt is owed to government creditors, but this is subject to rescheduling by the Paris Club, which groups official creditors. Under the Naples Terms agreed by the Group of Seven leading industrial nations at their summit in Italy last year, Paris Club terms for the severely indebted low-income countries can involve a 67 per cent reduction in the value of their outstanding debt.

Multilateral debt, on the other hand, already accounts for 24 per cent of these countries' external debt; after a Naples term write-off, multilateral debt – even though much of it carries a subsidised interest rate – could become for some countries the heaviest portion of debt overhang that has crippled their economies.

A joint World Bank/IMF study submitted in February to executive directors representing the member countries concluded that "for most of the heavily indebted poor countries, multilateral debt service burdens are manageable".

But several directors criticised the study's assumptions that real export growth rates will average 3 per cent a year and that new multilateral concessional lending will remain stable in real terms. And even on this basis, they noted, 14 countries would owe debt service to the multilateral institutions amounting to more than 10 per cent of their exports over the period 2005-2014.

Sent back to revise their sums, the World Bank and IMF staff concluded that on the assumption of zero real export growth, 23 countries would face multilateral debt service exceeding 10 per cent of their exports, and seven would have multilateral debt service ratios above 20 per cent.

Objections to the principle of rescheduling or writing off debts owed to the World Bank and the IMF remain, nevertheless, fierce. IMF officials tend to dismiss the suggestion as out of the question, while World Bank staff talk ominously of the damage such a move would do to their institution's AAA credit rating.

The World Bank already has, however, a debt refinancing facility known as the "fifth dimension". This allows countries which have slipped in income to the point where they qualify for subsidised interest rates from the Bank's International Development Association affiliate to refinance at concessional rates old World Bank debts on which they are paying market interest rates.

The IMF, meanwhile, has developed a "Rights Accumulation Programme" to allow countries in arrears to build up a credit entitlement that will pay off their overdue debt on condition that they put a strong economic programme in place. Sierra Leone has already done this, and Zambia is in the process of doing so.

Attention now focuses on ways of making the terms under which the IMF lends to the poorest countries under its low interest Enhanced Structural Adjustment Facility even more concessional, by extending the repayment terms. Support is growing for proposals to pay for this by selling some of the IMF's gold reserves.

Some countries remain hostile, nevertheless, to the principle of rescheduling multilateral debts. Japan is particularly critical, describing such proposals as "reckless".

Such hostility means that there will be no agreement on the multilateral debt issue at this week's meetings of the Interim and Development Committees in Washington, which set policy for the IMF and the World Bank.

IMF may be given more teeth

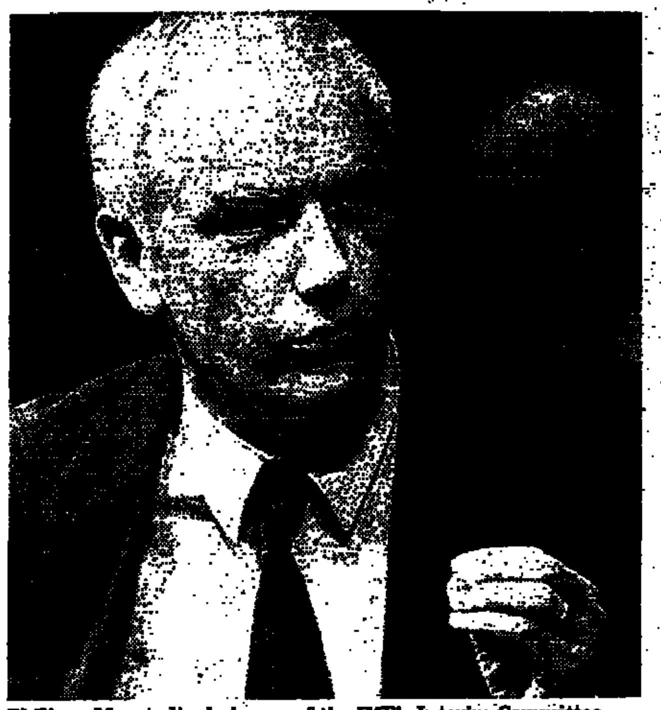
By George Graham

Finance ministers from industrialised and developing nations are expected to take the first steps today toward giving the International Monetary Fund more teeth to prevent economic crises occurring, and more resources to cope with them when they do.

At the first meeting of the IMF's policy-setting Interim Committee since the Washington-based institution stepped in with an unprecedented $17.5bn (£10.8bn) loan to help Mexico out of its liquidity crisis, ministers will discuss ways of strengthening surveillance of member countries' economic policies.

The 24-member committee will also consider suggestions on how to boost the IMF's capital to deal with crises, possibly including the creation of a special emergency financing mechanism that could be used in cases like Mexico's.

Mr Philippe Maystadt, Belgium's finance minister and the chairman of the Interim Committee, said more member countries now realised that the Fund's liquidity, though not a problem at the moment, would start to come under pressure in two years' time.



Philippe Maystadt, chairman of the IMF's Interim Committee

If an emergency facility was to be created, however, Mr Maystadt warned that the "moral hazard" issue – the risk that the mere existence of a bail-out fund might encourage countries to pursue bad economic policies – must be addressed. "We should be certain that no country could be sure of the Fund's response. If every country is quite sure that it will get assistance from this mechanism, then it will be difficult to avoid the moral hazard problem," he said yesterday in an interview.

The Interim Committee chairman welcomed growing interest in an expansion of the General Arrangements to Borrow – a $29bn credit line on which the Fund may draw in emergencies from the industrialised nations and Saudi Arabia – but said all options needed to be examined.

This includes the possibility of issuing more special drawing rights, the IMF's own quasi-currency – an issue which sharply divided industrialised and developing nations at their last meeting in Madrid in October.

Although no green light is expected for an SDR issue at today's meeting, Mr Maystadt said the prospects of reaching agreement had been improved by the suggestion that new SDRs might have a fixed lifespan, rather than being permanent.

He said even developing countries increasingly accepted the idea that new SDRs should have conditions attached. Mr Maystadt said he also hoped for "strong language" in the Interim Committee communiqué on the need for tighter surveillance of member countries by the IMF.

He said he personally favoured requiring countries to publish accurate and timely economic and financial statistics as a condition of receiving IMF loans. Today's Interim Committee will for the first time embark on a detailed discussion of member countries' economic policies, based on an IMF staff report covering 50 specific countries – some of whom were not pleased by its conclusions.

Mr Maystadt also believes there may be room to expand the Interim Committee's role.

At the same time, the relationship between the dollar, the yen and the D-Mark has worldwide repercussions. "Exchange rate co-operation cannot simply be reduced to a bilateral or trilateral negotiation," Mr Maystadt said. "We need a forum, and I think the Interim Committee might be the forum. I don't see another place where we can have this kind of discussion," he said.

Tietmeyer praises policy of deficit cutting

By Peter Norman, Economics Editor, in Washington

Mr Hans Tietmeyer, president of the Bundesbank, yesterday urged countries to cut their fiscal deficits even when their economies are turning down. In a speech given just ahead of yesterday's Group of Seven meeting in Washington, Mr Tietmeyer said that such policies had served Germany well in the 1980s.

He told a group of policy makers and academics that radical budgetary consolidation had acted as a "liberating stroke" for Germany in 1982. That experience could prove helpful to other countries, he said.

Although Mr Tietmeyer did not name any specific nation, it was apparent that he had the US in mind. While the US is not in a downturn, its growth is slowing, prompting fears among its trading partners that there will be even less inclination in Washington to take tough budgetary decisions.

Mr Tietmeyer said that deficit cutting in a downturn could have a positive impact on growth when the confidence building effect of a consolidation policy was greater than the direct drain on public demand. But he admitted that this only worked when the consolidation policy was sufficiently credible.

In Germany's case, he said, radical consolidation in 1982 instilled confidence in private investors and laid the basis for relatively smooth economic growth that lasted until the end of the 1980s.

Germany's main effort was directed at cutting public spending. In remarks of relevance to the current debate on possible tax cuts in the UK, Mr Tietmeyer said that it was only after sufficient progress was achieved in cutting the deficit that German income taxes were gradually lowered.

However, Mr Tietmeyer conceded that mistakes were made in the 1990s after German unification. In particular, spending cuts in western Germany were too low to transfer sufficient resources to the new Länder in the east. Only in 1994, when the German economy was recovering from recession, was there sufficient action to cut costs.

Social costs of pensions and healthcare set to spiral within the next decade

ILO warns on burdens of elderly

By Richard Donkin, Labour Staff

Pensions and healthcare for the elderly threaten to place a crippling social burden on most industrial economies within the next 10 years, the International Labour Organisation said today.

Urging reforms to the way that people retire from work, the ILO's World Labour Report* warned that during the next decade the cost of caring for old people would account for the biggest share of public expenditure in most industrial countries.

The economic threat, said the report, was resulting from the twin trends of people living longer and employees either choosing to leave or being forced to retire early.

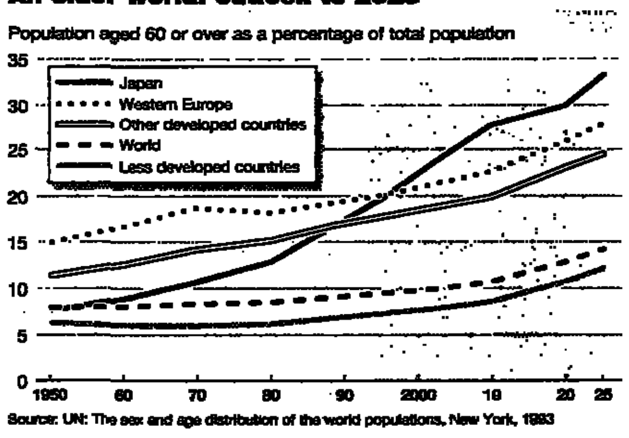
The ageing workforce was growing at such a rate that in 30 years, 26 per cent of the population of western Europe would be over the age of 60 compared with 19 per cent in 1994, partly because of the large numbers of post-second world war "baby boomers" in retirement. Older employees were also leaving the workforce much earlier, which, if current trends continued, meant that by 2025 there would be only 1.5 wage-earning people for each ageing dependent in western Europe.

In Germany, where the problem is particularly acute, there could be more pensioners than employees in 30 years time.

The most rapidly ageing country, Japan, will take only 25 years to double its elderly population. In Japanese companies, however, earnings usually peak at age 55. Older workers who stay on with companies tend first to retire and are then re-hired, taking a cut in earnings of between 20-25 per cent. They may also be transferred to an auxiliary company at a lower age until they are entitled to a public old-age pension.

An older world: outlook to 2025

Population aged 60 or over as a percentage of total population



Source: UN: The sex and age distribution of the world populations, New York, 1993

Ms Gisela Schneider, the ILO labour expert on ageing, forecast serious problems for financing social security systems in many western countries if the present trend continued. The reliance on state pensions in most western European countries, she said, would be unsustainable, if present demographic and employment patterns continued. She conceded that the UK, which has a well developed private pensions system, would be less vulnerable in this respect.

She said, however, that a fundamental change in attitudes to older workers was needed in all western European countries. "Misconceptions about the efficiency of older workers are forcing them out of their jobs and producing a doubly negative effect. We are exiling our most experienced labour group and creating a growing group of dependants," she said.

"Life expectancy from age 65 is increasing. People retiring from work, aged 55, might expect to live another 30 years, mostly in good health. Many of them could continue to work for much of that time if they had incentives," she added. Ms Schneider urged an overhaul of pensions systems to make them more flexible and an end to retirement at fixed ages. "Retirement age shouldn't be based on chronological age because people age differently and many are capable of working well beyond the defined limits."

The ILO report said that new entrants to the labour market often lacked the experience for jobs vacated by older workers. It also said that research had shown that training older workers could be beneficial because they were often more receptive and attentive.

The ILO report highlighted programmes used by some employers to take advantage of experienced older workers. These included the employment of ageing engineers by British Airways to train younger workers and the training by American Airlines of 300 employees aged between 40 and 65 as flight attendants.

The report called for a series of retirement reforms:

- Basing entitlement to a full pension on the number of years of contribution instead of a worker's age, thereby providing employees with more flexibility in planning careers.
- Removing incentives for early retirement to stem the early exit of employees from the labour force.
- Allowing deferral of a pension until a person chooses to retire with corresponding increases in value to give incentives for continuing in work.
- Partial employment and phased retirement, allowing adjustment of the labour force.
- Regular updating of skills, adaptation of working conditions and healthier work environments to maintain the productive capacity of ageing employees.

**World Labour Report 1995, ILO, CH-1211 Geneva 22, Switzerland, price SF 25.*

Privatisation surge in developing countries

By Andrew Bolger, Employment Correspondent

The pace of privatisation of state enterprises has increased dramatically over the last five years, particularly in developing countries, according to the ILO.

The report says proceeds from the sale of public enterprises in developing countries rose from just over $2bn (£1.2bn) in 1988 to almost $20bn in 1992.

The developing countries' share of world privatisation sales rose from 6 per cent in 1988 to 42 per cent in 1992.

The ILO believes the short-term effects on employment of privatisation have been negative, particularly in countries where general employment prospects were uncertain.

"In order to make public enterprises more attractive to potential buyers, many governments began to reduce employment before privatisation, through early retirement, freezes on hiring and sometimes lay-offs. Following privatisation, many companies continued this process, if only at the end of the period during which they had agreed not to dismiss workers."

The report says long-term employment effects are less clear, but are likely to be more positive. This is partly because privatised companies operate in potentially favourable markets – otherwise nobody would be interested in buying – and partly because the new owners may manage the enterprise better and be able to give it more capital.

The social protection of workers who remain in an enterprise has frequently deteriorated, but wages have often improved.

"When retrenchment policies concentrate on early retirement, they have often aggravated the financial strains on pensions and other components of social security systems."

Social benefits have generally deteriorated, irrespective of privatisation, in sub-Saharan Africa and Latin America. This is also true for the transitional countries of east and central Europe, where privatisation has been used to create a market economy.

Privatisation has continued to be concentrated within relatively few countries. In western Europe, the sale of public enterprises in the UK accounted for 75 per cent of the value transactions. The concentration is particularly marked within developing countries.

"In Latin America, Chile, Mexico, Argentina and Brazil make up the bulk of activity. In sub-Saharan Africa, Benin, Ghana, Guinea, Mozambique, Nigeria and Senegal account for two-thirds of divestitures."

Morocco stands ground on fish pact

By Roula Khalaf in Rabat

The fishing row between Morocco and Spain intensified yesterday with Moroccan and European Union officials admitting they are unlikely to reach an agreement by April 30, the date the current fishing agreement expires.

In the event, Morocco will ask some 500 Spanish fishing boats to leave its territorial waters by midnight on Sunday. After high-level meetings in Rabat, Mrs Emma Bonino, EU fisheries commissioner, said the Spanish fishing industry would be compensated through an EU financial programme.

The latest fishing dispute stems from old Spanish and Portuguese bilateral fishing agreements with Morocco inherited by the EU after Spain and Portugal's accession to the Union.

The current deal, the latest version of which was negotiated in 1992, provides for 750 EU fishing boats, more than 90 per cent Spanish, to fish in Moroccan territorial waters in return for a payment of Ecu102m (£80.3m) a year, as well as an Ecu15m in licence fees paid by shipowners. Moroccan fish exports to the EU are also allowed preferential treatment under the agreement.

Morocco, mindful of the erosion of stock in its waters and driven by a need to develop a strategic sector and increase its own exports of fish, is insisting on an effective 50 per cent reduction in the fishing rights granted to EU boats – a proposal the EU, and Spain in particular, find unacceptable.

Morocco also wants EU boats to unload in Moroccan ports, thus creating further employment for Moroccans and forcing Europeans to invest in auxiliary industries in Morocco.

"Fishing is the only sector in which we have the potential to develop our economy. It is our only hope," said a representative of the Moroccan fishing sector.

"But they want us to give access to Europeans and limit the creation of jobs and the development of our own economy."

The Moroccan fishing industry employs 150,000 people and lands 600,000 tonnes of fish a year.

With an economy still heavily reliant on agriculture and this year hit by severe droughts, attention has focused more intensely on the fishing sector.

Although Moroccan negotiators appear determined to dig in their heels for as long as possible, fishing experts in Rabat say negotiations will continue this week and even after the departure of EU boats.

INTERNATIONAL NEWS DIGEST

Israel-Egypt gas deal signed

Egypt and Israel yesterday announced agreement in principle to build a pipeline pumping millions of cubic metres of natural gas from offshore fields east of the Nile Delta to the heart of Israel, despite continuing tension over Israel's rejection of Egyptian pressure to sign the nuclear non-proliferation treaty.

Mr Gonen Segev, the Israeli energy minister, hoped the gas would start to flow within two years. At first, he added, the Egyptians would supply the equivalent of 2m tonnes of oil per year. Within 10 years, this would rise to the equivalent of 8m-9m tons.

The pipeline would run from Egypt's Timsah and Balantim fields across northern Sinai to Kerem Shalom on the Israeli side of the border, from where gas would be pumped to central Israel. Initially, it would be used to generate electricity for the national grid, but eventually it would be sold to private industry and to domestic consumers. Mr Segev estimated that within 10 years Israel would produce 40 per cent of its electricity from natural gas, but the minister emphasised that the political implications were as important as the economic. *Eric Silver, Jerusalem.*

Nigeria prolongs army rule

A Nigerian constitutional conference yesterday gave the military ruler, General Sani Abacha, an open-ended term of office. It passed a resolution reversing an earlier decision which had said Gen Abacha, who took power in a coup in November 1993, should hand over power to an elected leader on January 1, 1996.

"The date previously given by this conference for the federal military government to hand over to a democratically elected civilian government is not realistic," it said.

The military has ruled Nigeria for 25 out of the 35 years since independence from Britain.

Also yesterday the conference formally adopted a draft constitution which, among other things, specified that the presidency be rotated between the north and the south. *Reuter, Abuja*

Iraqis reject UN oil sale offer

The Iraqi parliament yesterday unanimously rejected a United Nations resolution that would allow Iraq, struggling under UN Gulf War sanctions, to sell limited amounts of oil to pay for urgent humanitarian needs.

The cabinet at a session headed by President Saddam Hussein had advised rejection of the plan to let Iraq sell $2bn (£1.2bn) worth of oil over six months to buy humanitarian supplies. Iraq's oil exports are banned under UN sanctions imposed for its 1990 invasion of Kuwait.

Mr Safa Hadi Jawad, the oil minister, told the 250-member parliament the measure would not have eased suffering because most proceeds would have gone for war reparations and other UN-related costs. He said the measure did not account for oil installation operation fees, estimated at $170m every three months. *Reuter, Baghdad*

Bahrain-Oman bourse moves

Shares of a Bahraini bank and an Omani company were listed yesterday on the stock exchanges of both countries.

It was the first step towards implementing an agreement linking the bourses of the two Gulf Arab states. Traders in Muscat said shares of Bahrain International Bank were registered on the Oman bourse and shares of the Muscat-based Omani Cement Company were registered on the Bahrain Stock Exchange.

Bahrain and Oman on March 15 signed an agreement linking their stock exchanges in the first such deal in the Middle East. The agreement lists shares of traded companies in the two exchanges, which have a combined capital of $8.1bn for about 110 companies. *Reuter, Muscat*

Bahrainis in call for dialogue

Religious leaders and prominent women in Bahrain have urged the government to free all political prisoners and open a dialogue to restore security in the Gulf Arab state which has seen months of anti-government protests.

A statement issued by 11 religious leaders yesterday said they categorically rejected all acts of sabotage against private and public installations, including mosques – a reference to attacks by protesters. They urged the government to start a dialogue with the people "to achieve the aims...and rights of (both) the people and the government" and called for the release of all detainees, including Sheikh Abdul-Amir al-Jamri. *Reuter, Nicosia*

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NEWS: ASIA-PACIFIC

Korea nuclear pact doubt

By Peter Montagnon, Asia Editor, in London

The fate of North Korea's nuclear agreement with the US remained in the balance last night after Pyongyang prevaricated in its first response to a US proposal that talks on implementing the deal should resume at a high level in Geneva.

The response came in a letter from Mr Kang Sok-ju, Pyongyang's vice-foreign minister, to Mr Robert Gallucci, the chief US negotiator. Mr Gallucci described the letter as neither an acceptance nor a rejection of the US suggestion.

Instead, US officials said the letter sought clarification of the US position.

Analysts believe the North Korean view that South Korea should not be the main supplier of safe light water reactors remains a serious sticking point. Pyongyang does not want hundreds of South Korean technicians inside its borders, while Seoul will not put up its share of the $4.5bn (£2.8bn) cost if the business goes elsewhere.

Political analysts say the survival of the agreement now increasingly depends on the willingness of the US to make concessions on this point.

"The odds are better than 50:50 that there will be a resumption of negotiations," Mr Selig Harrison of the Carnegie Endowment in Washington, said. "But the real question is whether the US will be prepared to lean on South Korea to get a compromise that Pyongyang can accept," he said.

In a separate development yesterday, it emerged that the US and South Korea are considering replacing the South Korean general who is in charge of the UN body overseeing the Korean armistice arrangements with a US general.

Although US officials deny that there is any connection with the nuclear talks, analysts maintain the move could be a concession to North Korea.

Pyongyang has balked at dealing with a South Korean officer and wants to negotiate a full peace treaty with the US as a formal if belated end to the war of 1950-53.

"The North would probably see that as a significant step towards a formal treaty," Mr Bill Taylor of the Centre for International and Strategic Studies in Washington said.

Supporters of the agreement say one encouraging sign is that North Korea continues to respect the freeze of its nuclear programme and has not carried out its threat to refuel its Yongbyon reactor.

They say this suggests Pyongyang is still engaged in a game of brinkmanship designed to wrest further concessions from the US.

In this it is relying on the Clinton administration's reluctance to see a resumption of last year's crisis with threats of sanctions and risk of military engagement.

Pyongyang's view that Seoul should not be the main reactor supplier remains a serious sticking point

Vietnam urges closer ties with US

By Kieran Cooke in Hanoi

Celebrations being held in Vietnam marking the 20th anniversary of the fall of Saigon and the end of the war are not meant to raise bad feelings against the US, Premier Vo Van Kiet has said.

"We do not want to invoke hatred. We just want to encourage patriotism, a spirit of resilience and a realisation about the sacrifices made to unify the country."

It was time for Vietnam and the US to "close the past and look to the future," the prime minister declared. It was high time full diplomatic relations were established between the two. Last year, the US lifted its embargo against Vietnam and the two countries have opened liaison offices.

Soon after the fall of Saigon on April 30 1975, Vietnam was unified and the southern city renamed Ho Chi Minh City. Mr Kiet acknowledged some problems in bringing north and south together still existed. "National reconciliation cannot be achieved overnight, especially after we have gone through such a long period of struggle."

Under the leadership of the communist party, difficulties caused by 40 years of war and colonial domination had been overcome. The economy had grown by over 8 per cent in each of the past four years. Vietnam had adopted what Mr Kiet described as a socialist-oriented market economy.

He acknowledged some investors had raised concerns about excessive bureaucracy and corruption. The government was struggling to overcome these problems but investors were not being scared away. "We don't see any disappointment from them. The pace of investment activity is becoming increasingly hectic."

With the US media crowding into Vietnam to make numerous programmes and write articles on the anniversary of the war's end, Mr Kiet had little opportunity to discuss the finer points of economic policy.

Asked by a US reporter what he thought of the recent memoirs of Mr Robert McNamara, in which the former US defence secretary said US policy in Vietnam had been "terribly wrong," Mr Kiet replied: "I have not read the book. But I think it is beneficial for any person involved in the war to tell the truth."

Dispute over Japanese nuclear waste resolved

By Emiko Terazono in Tokyo

An unexpected clash between Tokyo and the municipal government of Aomori over disposal of nuclear waste on board a ship bound for Mutsu Ogawara port was yesterday resolved, allowing the ship to dock today, a day late.

The UK-owned Pacific Pintail, which has carried 14 tonnes of waste from Japanese spent nuclear fuel reprocessed in France, was yesterday barred from port by Mr Morio Kimura, governor of Aomori province.

An accord was only reached late in the day, after an emergency cabinet meeting and hours of talks between the governor and the Science and Technology Agency.

The debate highlights the increasingly controversial nuclear waste disposal issue. Japan has yet to come up with the final site for storing radioactive waste, but is undecided on the disposal method and has been unable to proceed with studies.

This is because of opposition from various provincial governments nominated as the site for research facilities.

Mr Kimura refused to allow the Pintail, which left Cherbourg, France, last February, to dock at Mutsu Ogawara yesterday, saying that he was dissatisfied with the government's stance on permanent disposal for the waste.

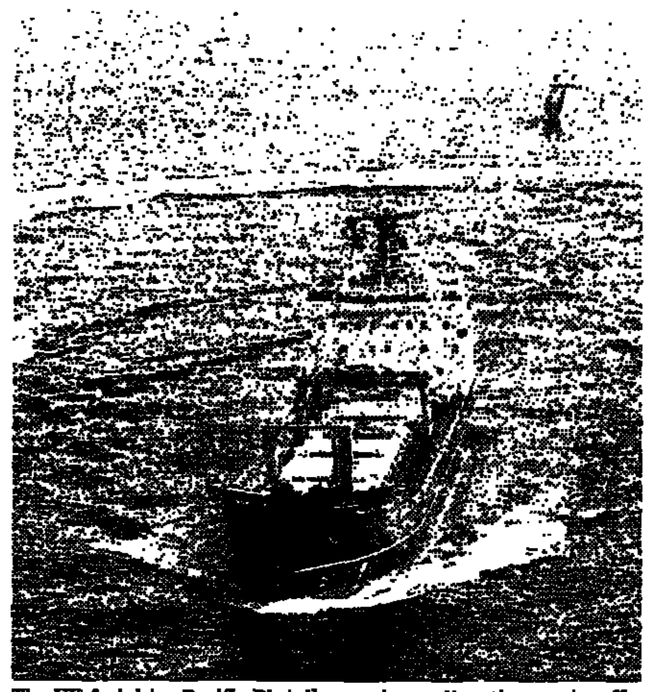
The Aomori government agreed 10 years ago to accept the radioactive waste at the nuclear facility in Rokkasho at the northern tip of the prefecture only "temporarily" for the next 50 years.

However, fears had been growing that the government, yet to find a final disposal spot for the waste, would backtrack on its agreement.

A vaguely-worded letter of intent was presented to Aomori by the STA in November last year, saying it would probably be "hard" for the government to make the prefecture a permanent disposal site.

Mr Kimura yesterday demanded a more definite pledge, in hopes of wiping out the image of Aomori as Japan's nuclear waste dump.

Although an embarrassed Mrs Makiko Tanaka, the head of the STA, asserted she failed to understand Mr Kimura's claims, the agency was finally forced to agree that the government "will not and cannot make Aomori the final destination for the waste without consent of the governor".



The UK freighter Pacific Pintail, carrying radioactive waste, off Mutsu Ogawara port in Rokkasho, Japan Reuter

Indonesia rebuffs US on rights

Indonesia has hit out at the US for criticising its record on workers' rights, saying Washington, which has twice delayed a decision on renewing Indonesia's trade privileges linked to progress in labour conditions, is being "stubborn", writes Manuela Saragosa in Jakarta.

Mr Suwarto, director-general of manpower supervision and industrial relations, said US criticisms were unfounded. "Freedom of association [for workers] has been written into our 1945 constitution. There is no reason for anyone to feel worried about it," he said.

His comments come only a few days after Mr John Shattuck, US assistant secretary for human rights, visited Indonesia to study the country's freedom of expression, labour rights and the situation in the politically-disputed territory of East Timor.

Mr Shattuck said that while Washington recognises the Indonesian government's efforts to ensure the minimum wage is paid, workers' freedom of association should be guaranteed and the activities of workers' organisations be free from military intervention.

His statement was a veiled allusion to the jailing last year of the leader of Indonesia's largest independent trade union, the SBSI, which is not recognised by the Indonesian government.

Worst poll defeat set to hasten SDP demise

Japan's socialists, already divided over pact with LDP, are talking of disbanding, writes Gerard Baker

The heavy losses suffered by Japan's coalition parties in local elections on Sunday seem certain to cause renewed tensions within the ruling coalition.

In the local assembly elections, the two main governing parties, the Liberal Democratic party and the Social Democratic party, recorded their worst performance ever. Though they fared slightly better in mayoral races the results augur badly for both in the crucial elections for the upper house of the national parliament in July.

The LDP, by far the largest coalition member, has enough strength in numbers to withstand such mid-term setbacks. But for the socialists the crushing defeat seems certain to start a new bout of infighting that could even result in its dissolution.

The SDP is already in the process of a potentially terminal internal debate about its future. Faced with widening splits in their ranks, the party's members are set to decide at a special conference, probably next month, whether to disband and start afresh.

Even by the chaotic standards of Japanese political life, it has been a curious year for the socialists. Last June, the party signed up for an extraordinary coalition pact with the LDP, its lifelong adversary. As a result, and somewhat improbably, its septuagenarian leader, Mr Tomiichi Murayama, became Japan's first socialist prime minister in half a century.

But the price of that unwonted taste of "power" for the socialists was the abandonment of almost every policy they had espoused. Within a few months all the main planks of Japanese socialist policy – in defence, energy, foreign policy and taxation – were knocked away, as the party's new partners consolidated their political power base.

The disillusionment felt by many in the party at what they regarded as the unholiest of alliances erupted last autumn in the formation of a group led by Mr Sadao Yamahana, the party's former chairman. The new "democratic liberal" faction had the backing of 24 of the SDP's 70 members of the Lower House of the Diet, with the half-promise of more to come. In spite of efforts by Mr Murayama, and Mr Wataru Kubo, the party's secretary general, the group in effect gave notice that it would quit the party before the local elections.

In January the Kobe earthquake intervened and in the atmosphere of national crisis that followed the breakaway group was persuaded to shelve its plan. But after a decent interval the subject returned to the top of the party's agenda last month and will dominate debate for the next few months.

It is a typical irony of Japanese politics that the cleavage within the SDP is not along the lines that might be expected in conventional political systems. The Yamahana faction has attracted the more conservative moderate members of the party. Their adversaries, those willing to stay with the party and the LDP-dominated coalition, are the party's old guard left-wing.

This paradox is explained by the breakaway group's close links with leading members of the official opposition political grouping, the New Frontier party, an alliance of mainly former LDP politicians formed last December. Some on the left of the SDP believe the Yamahana group is planning to ally itself with the NFP. The left would rather hang on to its tenuous grip on power with one unacceptable alternative – the LDP – than be cast into the political wilderness with another.

To forestall the apparently inevitable split, the party's central executive committee last month proposed the disbanding of the current party and the creation of a new one. Two weeks ago Mr Murayama told an election rally that a new party would indeed be formed, "comprising social democrats and liberals".

The hope is that the formation of a new party would give the socialists an opportunity to reposition themselves as a free-thinking, moderate party, unshackled by the past. The lessons of the recent elections are, according to some erstwhile socialists, that the electorate has rejected all traditional parties, and wants something genuinely independent.

The roots of the SDP's problems can be traced directly to the collapse of socialism in eastern Europe and the end of the cold war. The identifying characteristics of the party throughout the postwar era were foreign policy-related, not social. Its principal stance was opposition to the US-Japan security treaties and an anti-superpower pacifism. But that opposition was rendered irrelevant by the fall of the Soviet Union and the party was left looking for a role.

According to Professor Takashi Inoguchi, of the United Nations University in Tokyo: "The end of the cold war left a basic convergence of policies across all political parties with only small differences on domestic political questions between right and left." The party's distinguishing identity was gone and as a result it lost seats heavily in the national elections of 1992 and 1993.

And so it was that after an ill-starred stint in the reformist coalition of Mr Morihiro Hosokawa in 1993, the SDP finally signed up for its Faustian pact with the LDP last summer.

Whatever the SDP decides, its future looks bleak. If it backs the leadership's plan for a new party, it will still have a hard task convincing the electorate that it is a genuinely new, independent political force, rather than a name-change. If not, it will split, and the various parts of its rump are very likely to be subsumed into the two main political alliances.

Its hand may be forced in any case. If it stays in one piece but is badly defeated in July's upper house election, the chances are that the LDP will decide that it has outlived its usefulness – and dump it.

The results augur badly for both coalition partners in elections for the upper house of parliament in July

Thailand plans to license second national airline

By Ted Bardacke in Bangkok

Thailand plans to grant a licence for a second national airline, proposed in a blueprint for liberalising the country's airline industry approved by the government's Civil Aviation Committee (CAB) this week.

If passed by the full Thai cabinet, the plan will break the near-monopoly at present held by flag-carrier Thai Airways International, which is 93 per cent owned by the government.

The new airline will be privately owned, but individual foreign investors are limited to a 15 per cent stake; a total cap on foreign participation has been set at 30 per cent.

Mr Vichit Surapongchai, Thailand's transport and communication minister, said: "We want competition and want to liberalise the airline industry, so we are starting step-by-step by setting up a second airline first."

Analysts said the prospect of competition was unlikely to have many short-term consequences for Thai Airways, whose stock fell slightly in trading yesterday.

But one airline official suggested that the government could use the liberalisation programme to pave the way for full privatisation of the profitable but bloated state-owned carrier.

The new airline is likely to face some high hurdles of its own.

The plan calls for potential investors to raise Bt2.5bn (£63m) for a domestic and regional licence and Bt5bn (£126m) for the right to fly intercontinental routes. The airline must go public within two years of beginning operations.

Officials said they expected full cabinet approval for the plan sometime in May, and that a licence for the new airline would be issued within one year after that.

NEWS: WORLD TRADE

Sony wins support in video disc battle

By Michiyo Nakamoto in Tokyo and Alan Cane in London

Electronics groups Sony and Philips have found new allies in their battle to establish their proprietary design of digital video disc as the world standard. The digital video disc (DVD) is expected to play a key role in a future recorded entertainment industry.

Three of Japan's leading makers of personal computer peripheral equipment yesterday announced their support for the Sony/Philips design.

The decision by Mitsumi Electric, Ricoh and Teac, which together hold about 50 per cent of the market for floppy disc (computer memory) drives, is seen as a step towards persuading personal computer manufacturers and office automation equipment makers to adopt the Sony/Philips standard.

Digital video discs are compact discs capable of playing full length films with high quality sound and picture quality and are expected to become the building blocks of the multimedia revolution, replacing pre-recorded videotapes as the predominant form of packaged video entertainment.

Sony and Philips announced their DVD design last year, but seemed earlier this year in danger of being eclipsed by a group of companies including the Japanese consumer electronics giants Toshiba and Matsushita which announced their support for another, incompatible, design of disc. Two US movie companies, Matsushita's affiliate MCA and Time Warner also declared their support for the Toshiba/Matsushita design.

The impending battle is reminiscent of the war over video cassette recorder design in the 1970s when Sony's Betamax design lost to Matsushita's arguably inferior VHS format. Customers were persuaded by the broad range of video titles available for VHS recorders compared with the smaller number available for Betamax.

Sony and Philip's DVD is the same size as a conventional audio CD but stores five time as much data in digital (computer language) form. Special electronic circuitry and compression software make it possible to squeeze 135 minutes of video onto the disc.

The Toshiba/Matsushita design, however, stores up to 270 minutes of video using both sides of the disc; the extra capacity is used to improve the quality of the video image, making it an attractive format to Hollywood studios.

Ricoh said PC disc drive makers liked the Sony/Philips design because it was compatible with existing systems. "It is more convenient if DVDs, as computer peripherals, are compatible with existing CD-ROMs," said Mitsumi, which makes 500,000 CD-ROM drives a month.

A major testing ground for the competing standards will be the personal computer industry, which is expected to be a major user of DVD technology for multimedia applications. The principal PC makers – Compaq, IBM and Dell – in addition to Microsoft, the leading PC software house, have yet to declare which standard they will support.

WORLD TRADE NEWS DIGEST

Indonesia lures foreign investors

Indonesia's foreign investment approvals in the first three months of 1995 totalled $12.9bn with power generation and oil refining projects accounting for the bulk of the figure.

Mr Sanyoto Sastrowardoyo, minister for investment, said the figure was the highest level of foreign investment recorded among members of the Association of South East Asian Nations. "This shows that Indonesia remains an attractive site for foreign investment," he said.

The total for the first three months includes an investment of about $1.6bn in the Sabang oil refinery project, $2bn in another oil refinery project known as Indo Sox and just under $2bn in Jawa Power.

The figure was boosted by applications from semiconductor companies planning to set up plants in Indonesia. In addition, Panasonic will move its loudspeaker manufacturing operations to Indonesia, the minister said. However, traditionally less than half of all approved foreign investment projects are implemented. In 1994, Indonesia recorded $23.7bn in approved foreign investment projects compared with just over $8bn a year earlier. The increase was due to a deregulation package for foreign investment which opened up many sectors, including toll roads and ports, to foreign capital. *Manuela Saragosa, Jakarta*

Japan car output at 15-year low

Japan's vehicle output fell for a fourth year in 1994/95 as the strong yen damped exports. The industry expects production to continue dropping this year. Japan produced 10.62m vehicles in the year to March 31, 1995, a 2.1 per cent decline from the previous year, the Japan Automobile Manufacturers Association said yesterday.

It has been 15 years since Japan last produced so few vehicles. In 1979/80 the country's car plants turned out 10.07m vehicles. *Reuter, Tokyo*

Chinese port opens new berths

China's southern port of Zhuhai has opened to foreign vessels with the inauguration of two berths capable of accommodating ships of 20,000 tonnes, the Beijing-funded China News Service said yesterday. The berths, each with warehousing of 200,000 square metres, are designed to handle 950,000 tonnes of cargo a year.

Zhuhai port, in Guangdong province abutting the Portuguese-administered territory of Macao, is building a 100,000 tonne coal terminal, an 80,000 tonne cereal and edible oil berth, a 100,000 tonne minerals dock, a 35,000 tonne dangerous goods berth and an oil tank berth. *Reuter, Beijing*

Contracts and Ventures

■ Austria's Steyr-Daimler-Puch has signed a co-operation agreement with Russia's Gorky Automotive Plant (GAZ) for the production of Steyr diesel engines in Russia. The two companies plan annual production of between 150,000 and 200,000 engines a year at GAZ's plant in Nizhny Novgorod, east of Moscow. *Reuter, Vienna*

■ Fashion entrepreneur Pierre Cardin plans to increase his presence in the Chinese market by syndicating the investments of 80 overseas partners. Details of the investment scheme were not disclosed. The company bearing Cardin's name has about 30 agents in China and more than 100 Pierre Cardin shops or sales counters in more than 20 large and medium-sized Chinese cities. *Reuter, Beijing*

Taiwan rejects bids for fourth nuclear plant

By Laura Tyson in Taipei

Taiwan Power (Taipower), the state power monopoly, has rejected bids worth several billion dollars to build and supply reactors for the island's controversial fourth nuclear power station because they were higher than the ceiling price.

The decision followed 21 hours of negotiations punctuated by protests from environmentalists who pelted Taipower's headquarters with eggs.

Two consortia, ABB Asea Brown Boveri (through its US unit Combustion Engineering) and Westinghouse Electric of the US in partnership with the UK's Nuclear Electric, submitted bids for the turnkey contract to build the plant's nuclear island and supply related equipment. A third bidder, Framatone, the French state utility, was disqualified from the race earlier this month as it was unable to meet technical and commercial terms of the contract.

The project has been the subject of keen interest from the US, UK and until recently French governments, which have been lobbying on behalf of the bidders. Observers have suggested the contract will be as much a political as a financial decision as Taipei may try to use the project to wrest diplomatic concessions.

Taipower's target price is estimated to be between $2bn and $4bn. ABB and Westinghouse/Nuclear Electric had submitted bids substantially higher than the target.

Domestic and foreign contractors have expressed frustration over Taiwan's bidding procedures for government contracts. Taiwan has been asked to bring its regime more into line with international standards to win entry into the World Trade Organisation.

David Lascelles, Resources Editor adds: The Taiwanese decision was especially disappointing for Nuclear Electric because the ability to bid for foreign contracts is an important part of its case for being privatised.

NE had frequently cited the Taiwanese contract as an example of the sort of business the UK nuclear industry could develop if it was given a free commercial rein.

Mr John Collier, chairman, yesterday said there was a huge potential market for nuclear stations based on NE's recently completed Sizewell B design, and he was determined to go after other export orders.

The UK government is currently considering the future of the state-owned nuclear power industry.

US reaches out for new trade relationship with Europe

By Caroline Southey in Brussels

The US yesterday announced a three-pronged strategy to boost American investment in Europe and improve transatlantic commercial relations.

Mr Jeffrey Garten, US under-secretary of commerce for international relations, said the realities of Europe's single market required the US to act in pan-European terms if US businesses were to succeed in Europe.

The new programme involved a single market approach, a closer partnership between US embassies and US businesses in Europe and greater support for US companies trying to participate in future public procurement projects and privatisations.

Mr Garten warned that the US and EU risked drifting apart in the absence of a "new architecture" supporting the transatlantic relationship as security links diminished.

"We need to invest at least as much time and energy in the development of a new economic architecture as we are doing in the restructuring of Nato. This is not now the case, and we have no time to lose," Mr Garten said.

Mr Horst Krenzler, the Commission's director general for external economic relations, echoed Mr Garten's views, pointing out that the "former distinction between economic policy and security policy is blurring".

He said the EU's next priority should remain the removal of obstacles to trade in areas such as financial, maritime and basic telecommunications services.

Both men were addressing the European Union committee of the US Chamber of Commerce in Brussels.

Mr Garten said that although the US government had not taken a formal position on a free trade area between the EU and US, the idea indicated that both sides were seeking areas where they could expand trade relations.

He said Washington's new commercial strategy, called "showcase for Europe" involved a single market approach under which US government agencies would stop treating each European country as a separate market.

The pan-European marketing drive would focus on aerospace, power generation, information technology and environmental technologies, aiming particularly at small and medium-sized companies.

Call to set up Cocom successor

By Jimmy Burns

International rules governing the export of defence-related products to potential trouble-spots around the world must be harmonised, according to a report published today by Saferworld, a UK-based foreign affairs think-tank and lobbying group.

The report warns that discrepancies in national and international controls are increasing the dangers of sensitive technologies being sold to countries that may try to make nuclear weapons, as occurred with Iraq before the invasion of Kuwait.

After analysing the export regulations of Germany, Japan, the UK, and the US, Saferworld found wide discrepancies in the criteria used to decide which end-users should be subject to restrictions.

Out of 73 countries designated "sensitive" by the four exporting countries, only 30 appeared on all four countries' restrictive lists. Of the remaining countries, almost half appeared only on one or two lists.

The report argues that if export controls are to have the required effect of restricting the supply of sensitive dual-use technologies to regions of potential tension, they need to be applied consistently and on a multilateral basis.

It notes that the divergence of previously co-ordinated national policies on export controls is a consequence of the demise of the Co-ordinating Committee on Multilateral Export Controls (Cocom) last year.

During the cold war, Cocom controls were developed into a fairly effective international embargo of defence-related technologies to the Soviet bloc. A successor regime to cover a wider area of potential conflict has yet to be agreed.

Saferworld recommends that the process of harmonisation should include all principal suppliers of dual-use technologies.

Assuming the establishment of a successor to Cocom, it suggests that harmonisation of controls on dual-use technologies would include a ban on exports to the most sensitive destinations, close monitoring of end use in a second category of countries, and use of national discretion for all other countries.

Proliferation and Export Controls. Saferworld, 3rd Floor, 34 Alfred Place, London WC1. 0171 580 8886

NEWS: THE AMERICAS

Commission split over customer choice

California electricity deregulation stalled

By Louise Kehoe in San Francisco

California's plans to deregulate the electricity market have been stalled by disagreement within the Public Utilities Commission, responsible for electricity regulation in the state.

The deadlock threatens to halt plans that put California in the forefront of shifting the heavily regulated US electricity industry to a free market model.

The commission is split over whether to allow customers – including industry, businesses and households – to choose their own electricity suppliers or to have them buy through a "pool" as happens in Britain. Some members of the commission favour limiting competition to the wholesale level, where electricity generators sell power to each other.

The five-person commission has been reduced recently to three through retirements, adding to the uncertainty.

A year ago, Mr Daniel Fessler, commission president, unveiled a six-stage plan to deregulate California's electricity market over the next seven years, in a move to reduce prices that are 40 per cent above the US average.

These plans are now in limbo as the commission continues to debate, missing deadlines for a decision on market structure. The original decision was due in mid-March.

Meanwhile, electricity companies are delaying investment plans for power plants and energy efficiency, say industry analysts.

The industry is also split over how to proceed with deregulation. While Pacific Gas & Electric, California's largest utility company, favours "direct access" by customers to the electricity market, Southern California Edison and San Diego Gas and Electric prefer a pool, with electricity traded wholesale.

However, the recent problems of the UK pool, particularly price volatility, have raised questions about its suitability for California.

Mr Fessler, a lawyer who believes in the need for well-regulated markets, is thought to favour the pool approach. But he is said to be keen to have a full commission which can decide on the market's future direction with a clear majority.

Most large energy users – including the California Manufacturers' Association, California Retailers' Association and Agricultural Energy Consumers' Association – also back direct access, as do independent power producers. They argue that it would create a more competitive market because the pool would still, in effect, be regulated.

They also dismiss concerns that direct access would prevent all consumers getting a fair price. The market would operate rather like the oil market, where prices are widely known, even though all trades are on a bilateral basis.

The Californian debate is being closely watched by other states considering similar moves. However, with the commission now widely expected to postpone again its decision, which is due today, there remains no word on when a final decision may be made.

US consumer confidence surges

By Michael Prowse in Washington

US consumer confidence rose strongly this month to its highest level in five years, indicating that the economic expansion may regain momentum later this year.

The Conference Board, a New York business analysis group, said its confidence index rose to 105.5 against 100.2 in March and 92.1 a year ago. Confidence readings this high usually signify robust economic growth.

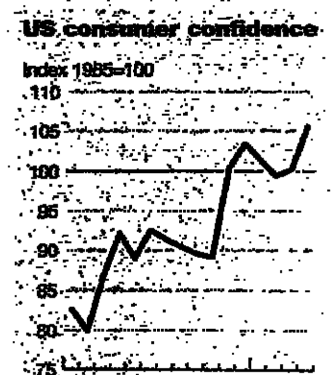
Mr Fabian Linden of the board said the figures were "very heartening" and indicated consumers were feeling more optimistic about economic prospects. This reflected the low level of unemployment and an apparent lack of inflationary pressures, he said.

The figures surprised many Wall Street economists who have been revising down growth projections following a series of weaker than expected economic statistics. Figures yesterday also showed tentative signs of a recovery in the housing market. Sales of existing single-family homes rose 5.8 per cent between February and March but remained 12 per cent below the level in the same period last year.

Economic data may send conflicting signals in coming weeks. Production is expected to weaken this quarter in lagged response to weak consumer spending in the first three months. This will depress overall economic growth which was artificially supported in the first quarter by an involuntary accumulation of corporate inventories.

However, the confidence figures provide tentative evidence that consumer spending may revive in coming months, setting the stage for faster growth in the second half. Some economists believe special factors such as lower exports to Mexico and delayed tax refunds explain much of the weakness of demand at the beginning of the year.

"The consumer confidence figures indicate the weakness of demand is likely to be transitory," said Mr Bill Dudley, a senior economist at Goldman Sachs in New York. He predicted that economic growth would dip to 1.2 per cent at an annual rate in the current quarter but then accelerate to about 3 per cent in the second half of the year.



Senators propose flat-rate profits tax

By George Graham in Washington

Two senior senators yesterday proposed a radical overhaul of the US tax system, aimed at boosting savings by taxing consumption rather than income.

The proposal comes as many Republicans in Congress are showing a growing interest in replacing the current progressive income tax with a flat-rate income tax.

Senator Pete Domenici of New Mexico, a Republican and the chairman of the Senate budget committee, and Senator Sam Nunn, a Georgia Democrat, proposed a sweeping reform that would impose a flat 11 per cent tax on gross business profits – defined as the difference between total receipts and capital investments.

The proposal would also tax individuals on their expenditure.

"This is a revolutionary concept. The advantages are very, very important," Senator Nunn said yesterday.

However, administration officials and tax lawyers in Washington cautioned yesterday that ideas for overhauling the US tax system tend to surface every year near the April 15 deadline for filing federal tax returns. The complexity and unintended consequences of a big reform usually tend to keep these ideas from reaching fruition.

Most other major industrialised countries rely much more heavily than the US on some form of consumption tax, such as the European Union's value-added tax. Many economists argue that shifting the burden of taxation on to consumption might help the chronically low US savings rate.

Meanwhile, the idea of a flat income tax – espoused by Congressman Richard Armey, the second-ranking Republican in the House of Representatives – has great appeal because it would greatly simplify the forms taxpayers have to fill out.

US Treasury economists argue that the Armey plan is effectively equivalent to a consumption tax because it would have the same long-run effect on an individual's purchasing power as a consumption tax collected purely from businesses.

Even so, both the Treasury and outside economists warn that Mr Armey's plan, which he claims would raise the same amount of revenue as the current system on a 17 per cent flat rate, is over-optimistic.

A recent Treasury analysis shows a 17 per cent rate would lose about $186bn (£116bn) a year, and that a rate of 22.9 per cent would be needed to maintain revenue neutrality. At that rate, anyone earning up to $100,000 a year would pay between 8 and 17 per cent more in federal taxes, while those earning more than $200,000 would pay 26 per cent less.

Brazil president pushes reform

By Angus Foster in Brasilia

President Fernando Henrique Cardoso of Brazil may cancel a visit to Portugal next week so as to stay home for the first votes in Congress on his constitutional reform proposals.

Many analysts believe these amendments are crucial in order to modernise Brazil's economy. They have been under discussion in Congress for more than two months. Mr Cardoso's decision to remain in Brazil, which is yet to be confirmed, should prevent any last-minute delays to the voting.

Mr Cardoso, who has been lifted by a successful visit to the US last week, intends to show that his government remains committed to the changes. The proposals form part of the first package of reforms delivered to Congress in February. A second package, on the social security system, has run into substantial opposition and faces an important vote next week.

Cardoso: staying at home

The first voting on the amendments was expected late yesterday, when a special congressional committee was to decide on the wording of a constitutional amendment to allow the private sector to distribute piped gas. At the moment, only the states or state-owned companies can do this.

If the amendment is approved in committee, it passes to the lower house of Congress, where it needs approval in two separate votes by three-fifths of members. It would then pass to the senate, where it needs two votes and a 60 per cent majority. The many votes, and likely delays, suggest the changes will not become articles of the constitution for several months.

The amendment on piped gas is considered one of the less controversial of the proposals and should be approved in Congress. A second proposal, to remove discrimination against foreign companies enshrined in the constitution, should also win wide backing.

However, controversial proposals to break the state monopoly in telecommunications and petroleum by allowing private sector competition, are progressing slowly in congress and ministers do not expect quick approval.

Mr Jaques Wagner, leader of the main opposition party in Congress, the Workers' party, said he expected the government to win the votes on piped gas and foreign companies. But the opposition would ensure a "very hard fight" against the proposals to open the telecommunications and petroleum sectors, he said.

Ecuador's budget off track

Ecuador is facing a budget deficit of up to $500m or 3.2 per cent of gross domestic product, as a result of military expenditures in its recent border conflict with Peru, Raymond Colitt reports from Quito.

In recent weeks, the government has readjusted its deficit forecast several times and admits it still has no definitive plan to finance the deficit.

Mr Modesto Correa resigned as finance minister this month over differences within the cabinet regarding fiscal discipline. His successor, Mr Mauricio Pinto, intends to eliminate exemptions from value-added taxes. However, Ecuadorean business opposes such a measure.

President hits re-election campaign trail in Iowa

Clinton eyes challengers

President Bill Clinton, hoping to ward off re-election challengers within his own party, staged a national rural conference yesterday in the vital campaign state of Iowa and vowed to protect small farms from zealous budget-cutters, AP reports from Ames, Iowa.

"I don't believe we ought to destroy the farm support programme if we want to keep the family farm," Mr Clinton said, surrounded by farmers, academics, business leaders and residents of rural America.

Convening the gathering at Iowa State University, Mr Clinton also called for continued funding of agriculture research and urged conference participants to consider the broader problems of rural America, even off the farm, and to "reward the good values that reside there."

The event was designed to focus on problems and success stories outside America's big cities, with Mr Clinton outlining the principles his administration will follow in crafting the 1996 five-year farm bill.

However, the underlying reason for the trip was politics. Iowa holds the nation's first test of strength in the string of presidential primaries and caucuses next year, and Mr Clinton's trip was one of a series he will make to politically important states as the 1996 campaign begins to take shape.

Advisers want him to build support in Iowa to scare away Democratic challengers.

Opening the conference, Mr Clinton conceded that the farm-support programme needed modification in the light of the budget deficit. But he said massive cuts would be ill-timed.

Mr Clinton has proposed $1.5bn in farm spending cuts over five years. Mr Richard Lugar, the Senate agriculture committee chairman, shocked many farmers by calling for $15bn in cuts by the year 2000.

With the Republican Congress looking to slash spending, a whole system of crop loans, farmland set-aside payments, export subsidies, disaster insurance and other programmes that farmers and rural Americans depend upon are now on the chopping block.

هكذا من الاصل

Agents told to recover debts from Names

By Jim Kelly,
Financial Services Staff

Lloyd's of London yesterday announced tough measures to improve debt collection in a move designed to reduce the financial pressures faced by the insurance market.

About £800m ($1.3m) is owed by Names, the individuals whose assets have traditionally supported the market. Lloyd's is determined to collect from those who can pay.

All Lloyd's agents have been told to collect outstanding debts from Names where they can. Failure to follow the new guidelines could result in agents losing their market registration.

LLOYD'S
LLOYD'S OF LONDON

On Monday Lloyd's announced that it was accelerating its financial reorganisation in order to secure its long-term future prosperity. A fundamental re-examination is under way of the market's plans for financial recovery.

While officials denied that its latest move was in any way a response to speculation about its long-term future, more efficient debt collection will decrease pressure on its central fund – where outstanding debts have to be covered.

Mr David Rowland, Lloyd's chairman, said: "These steps will strengthen Lloyd's ability to collect money owed to the society.

"They also recognise the legitimate concern of the majority of members who have paid their debts in full and who expect those who are able to do so similarly to honour their obligations."

The decision of Lloyd's regulatory board to require agents to collect debts follows legal advice that recovery proceedings can be instigated under existing contracts.

A statement said: "Agents have been advised that except in cases of reasonable justification, such as proven insufficiency of assets on the part of the member, failure to comply with the new approach may result in an agent being found 'not fit and proper' to carry on business in the Lloyd's market."

Under the new arrangements agents will have to:

- Devote sufficient resources to cash collection.
- *Consider and instigate legal* proceedings.
- Submit evidence on why they have not collected some debts.
- *Provide evidence of cash* recovery.

Since last September Lloyd's has been investigating ways in which debt collection could be improved.

Mr Alec Foster, a members' agent involved in the process, said: "There are quite a lot of agitated people who have paid, who want to know what we are going to do about those who can pay, but won't."

Names involved in litigation over losses at Lloyd's are likely to react angrily to the move.

Mr Alfred Doll-Steinberg, the founder of the Gooda Walker Action Group, said: "I don't think this alters the balance of power one iota. Lloyd's are just passing on the dirty work to the agents."

Big reform of market is far from complete

Ralph Atkins is told of plans to counteract damaging speculation

Lloyd's is not bust. But reform of the 300-year-old insurance *market, which aims to* secure its future prosperity, is still far from complete.

That was the message yesterday from Mr David Rowland, *Lloyd's chairman, and* Mr Peter Middleton, chief executive, as they fought to head off fresh speculation about the insurance market's solvency.

They insisted that Lloyd's would be able to satisfy the British government's Department of Trade and Industry, which is responsible for regula*ting the insurance industry*, that it could meet the liabilities of Names.

But Mr Rowland and Mr Middleton acknowledged that *deep-seated difficulties created* by £8bn of losses in recent years remained. "Of course we have got problems . . . Of course we need to collect *money. That's given.*"

To counter the damaging impact of newspaper reports of Lloyd's imminent insolvency, the insurance market's leaders *were keen yesterday to offer a* preview of plans they hope to announce by May 30, when Lloyd's holds its annual general meeting.

With a maelstrom of ideas still under discussion the two Lloyd's leaders cannot yet offer a definitive blueprint as they have still to win approval from Lloyd's ruling council. But the aim, Mr Rowland said, was "to bring to an end if we possibly can this episode in Lloyd's history. In other words, by the time we reach Easter next year we should have resolved as many of the difficulties of the members and the society as it is conceivable to do, letting the society then trade forward successfully into the future".

And if the plan does not succeed? Mr Rowland said he and Mr Middleton were seeking the *best route forward for Lloyd's*, but failure did not mean ruin. "I don't see the alternative as a black hole," he said.

At the forefront of their minds is to accelerate and broaden plans for treating the so-called "old years" problem – the billions of pounds worth of outstanding liabilities on policies dating back as far as the *1940s, particularly from* US asbestosis and pollution claims.

Lloyd's says work is already advanced on Equitas, a giant *reinsurance company intended* to take on responsibility for liabilities on policies sold before 1986 – when policy wordings were tightened – *with effect from the end of this* year. But Lloyd's is investigating whether Equitas could at the same time absorb liabilities dating from 1986.That would *include 1992 underwriting*, results for which will be announced next month under Lloyd's three-year accounting system.

It is a mammoth task, but Mr Middleton said discussions he had with more than 40 groups representing litigating Names had revealed majority support *for a "cap" on Names' liabili*ties as the centrepiece of any out-of-court settlement. A revised Equitas project would offer a means of achieving that *aim. The main consequence* may be to further delay a deal with litigating Names.

An outline of possible settlement terms had been expected this spring. Now it is more likely that Names will be told next month how proposals for a "cap" might work. Discussions about financial help – whether from Lloyd's central funds or from insurers which provided negligence cover to the Lloyd's professional agencies being sued – would then follow.

Equitas is not expected to tell Names before September how much they will have to pay to have their old year liabilities absorbed. Some bills might be considerable.

By then Mr Rowland and Mr Middleton would have a clearer idea about whether *extra funds would have to be* raised. A special levy on Names next spring is one option. Another might be to set the premiums charged by Equitas so as to redistribute funds between the worst-hit Names and those who have fared better.

An explosion of headlines

Sunday: Crisis drags Lloyd's to brink of closure – *Independent on Sunday*

Monday: Lloyd's in £8bn crisis: City's international status under threat - *Daily Express*

No Panic here, says Lloyd's - *Daily Mail*

Tuesday: Lloyd's denies it faces collapse - *Daily Telegraph*

■ Dublin government attempts to accelerate progress ■ Parliament is told that agenda will be open

Irish premier invites all northern parties to talks

By John Kampfner
at Westminster

Mr John Bruton, prime minister of the Republic of Ireland, yesterday invited Northern Ireland's main political parties to bilateral talks. The initiative from Dublin coincided with preparations for the first face-to-face talks between UK ministers and *Sinn Féin, the political wing of* the Irish Republican Army, in more than two decades.

Senior British officials said the meeting between Mr Michael Ancram, the Northern Ireland minister, and Mr Martin McGuinness, Sinn Féin's chief negotiator, was expected to take place early next week.

Five men went on trial in Northern Ireland yesterday over the discovery last year of weapons in a van in Belfast. One of the men was Mr David John Adams, aged 36, a cousin of Mr Gerry Adams, president of Sinn Féin, the political wing of the Irish Republican Army. He was allegedly caught with two other men when police swooped on the van. A Belfast judge was told yesterday that police uncovered two loaded AKM rifles, a pistol, a coffee-jar bomb and a mobile telephone. Lawyers for the Crown said that Mr David Adams and the two others were "a team that quite clearly was in the course of preparing an attack on someone".

It was stated that two other men were arrested while allegedly holding a family captive in their Belfast home after their van had been stolen. All five men deny charges of conspiracy to murder, theft, possessing guns and false imprisonment.

Mr Bruton, who had lobbied the British hard to shift their position and upgrade talks with Sinn Féin, told the Irish parliament that all Northern *Ireland's parties would be* asked to join talks on "an open agenda basis".

The talks would include Sinn Féin and the parties represent*ing loyalist paramilitaries*. Mr Bruton said both sides had acknowledged the need for a balanced agenda. "The issue of how the arms can be put out of *commission is a relevant con*sideration that has to be raised," he said.

"But there are many other issues that are relevant, and I *would not wish to say that one* item is central – all are important.

"Without progress on the arms issue there will not be *progress on others*. But equally, for there to be progress on arms, there are many other issues on which there will have to be progress as well," Mr Bruton added. However, within hours of Monday's announcement from London, the *British government* and Sinn Féin gave differing interpretations of what would be discussed.

Sir Patrick Mayhew, the Northern Ireland secretary, said the decision to upgrade the "exploratory dialogue" had been taken on the basis of "understandings" that Sinn Féin would discuss decommissioning separately and as the first item on the agenda.

Sir Patrick's implicit recogni*tion* that the government had not managed to extract a clear commitment from Sinn Féin not to link decommissioning with what it calls demilitarisation will worry many unionists and some Conservative MPs.

Mr Gerry Adams, Sinn Féin president, said he *had accepted* no preconditions for the talks. His party had consistently made clear it was prepared to *discuss* decommissioning in principle.

"This is clearly something that needs to be dealt with," he added. "How we deal with it is a matter for *us to* talk over."

Mr Adams suggested the British might be erecting another hurdle after weeks of "posturing". He added: "I hope that Patrick Mayhew *is not* going to put himself on another hook having just got himself off the earlier hook."

Fossil fuel subsidy for nuclear power to be scrapped

By Robert Peston
and David Lascelles

The government plans to cut *electricity prices by about 10* per cent as a sweetener for the privatisation of the nuclear industry, which is scheduled for next year.

The electricity price cut, bigger than the 8 per cent fuel price increase imposed because of value added tax last year, will come from the abolition of the fossil fuel levy. This has been charged since 1990 to cover the costs of decommis*sioning nuclear power stations* and investment in alternative power sources.

Abolition of the levy – which raises around £1bn ($1.62bn) a year and puts an estimated 10 per cent on the annual cost of electricity to consumers – was hinted at yesterday by Mr John Major, the prime minister. During question time in the House of Commons he said that removing it is "an option *actively under consideration*".

Officials later disclosed that a government paper on nuclear privatisation, to be published next month, will recommend abolishing the levy in March 1996, two years earlier than planned when it was first imposed. "This is very good news for consumers," said Mr Richard Wills, technical director of the Major Energy Users Council. "Industry has always *objected to paying the levy*."

The white paper is understood to say that sufficient funds have been raised to cover the costs of decommissioning the older Magnox power stations, which will not be sold as part of the privatisation. It will also say that the newer AGR and PWR stations being privatised are efficient enough to charge a market price for their electricity, which will include a portion to cover the costs of closing them down and reprocessing their fuel during the next century.

Nuclear and environmental pressure groups, however, yesterday said the government had got its sums wrong. "Nowhere near enough has been raised to cover Magnox decommissioning," said Mr Clive Bates of Greenpeace.

The government paper will suggest that the two nuclear generating companies, Nuclear Electric and Scottish Nuclear, should be merged before privatisation.

However, the Scottish company would retain its national identity as a subsidiary under a holding company.

NEWS: UK

Murdoch and Branson still in race to run Channel 5

NBC abandons bid to run TV network

By Raymond Snoddy in London

The consortium formed by NBC, the US network, and Mirror Group to bid for the UK's new Channel 5 television licence yesterday pulled out of the bidding less than a week before applications go in. Mirror Group is the London publisher of the Daily Mirror.

The decision is thought to have been taken by NBC, which decided after months of work and expense that the numbers simply did not add up. Mirror group and consortium member SelecTV, the independent producer, decided in the wake of NBC's decision that the bid could not go ahead.

The problems facing any Channel 5 operator almost certainly influenced NBC. They include include having to spend perhaps as much as £50m ($81m) to £70m on retuning millions of video recorders likely to suffer interference from the Channel 5 signal.

The winning bidder will have to invest about £200m and to take on the existing commercial television network to win a viable slice of advertising revenue. There is now likely to be a three-way race:

- A group put together by British Sky Broadcasting and Granada Group that includes TCI and Goldman Sachs of the US and PolyGram and Kinnevik from mainland Europe.
- MAI, the financial services and broadcasting Group; Pearson, the media group that owns the Financial Times; CLT, the Luxembourg-based broadcaster and a fourth company so far undisclosed. Pearson also has a stake in British Sky Broadcasting.
- A consortium put together by Mr Richard Branson's Virgin group which brings together HTV, the company which broadcasts in south Wales and south-west England; Phillips, the consumer electronics group; Associated Newspapers of the UK, publisher of the Daily Mail; Paramount, the Viacom movie subsidiary; and Electra, the venture capital group.

Mr Michael Grade, chief executive of Channel 4, last night appealed to the government to make a last-minute intervention to change the rules on Channel 5 to prevent Mr Rupert Murdoch from moving into terrestrial television, Raymond Snoddy writes. "If Murdoch – albeit in the the guise of a minority shareholder – is allowed to participate in running Channel 5, then the government's broadcasting policies, such as they are, collapse into shambles," Mr Grade said.

A consortium backed by Mr Murdoch, chairman of News Corporation, and including the Granada group, stood a very good chance of winning the Channel 5 race, Mr Grade added. "If Murdoch's tentacles now attach themselves to a national terrestrial network, he will take an unbreakable stranglehold on the entire broadcasting system. Unless parliament acts he will be unstoppable . . . However small his apparent shareholding, he plays to win, he seeks to control." Mr Grade said.

Sales to non-EU countries rise again

By Gillian Tett, Economics Staff

Sales to countries outside the European Union rose again last month, official figures showed yesterday. The rise came after several months of erratic swings in trade with non-EU countries – a pattern which stemmed largely from unusually large sales of art work at the end of 1994 and early this year.

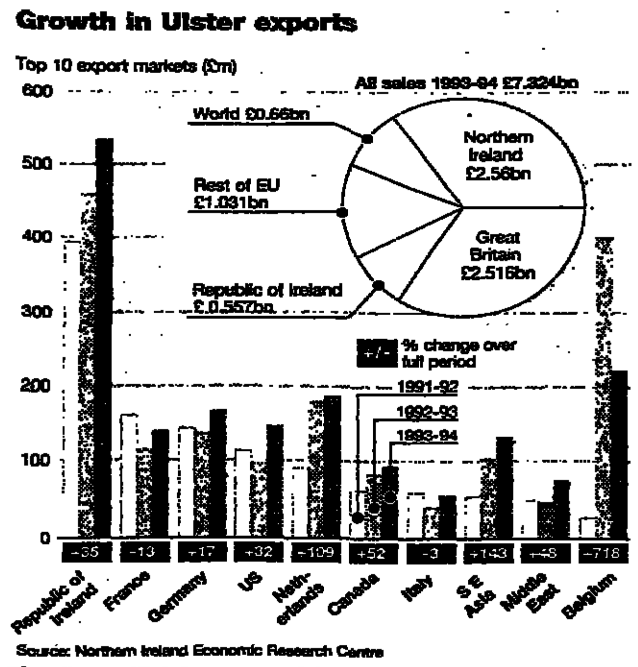
However, with the impact of this erratic item now falling out of the monthly figures, the Central Statistical Office yesterday said the underlying trend suggested that the UK trade balance was stabilising.

Taken overall, the balance of trade with non-EU countries – which account for almost half of all UK trade – was a seasonally adjusted deficit of £263m ($426m). This deficit was roughly in line with the trend last autumn, before the erratic art sales began to affect the data.

These overall figures were boosted by a steady rise in exports, which rose by 2 per cent in March to reach a record level of £5.3bn. Measured over the quarter – a figure regarded as a more reliable indicator of the trend – exports increased by 4.5 per cent. Some of this increase stemmed from strong levels of overseas oil sales, particularly to the US. Partly as a result of this, the UK recorded its highest first-quarter surplus on oil trade for seven years.

However, outside the oil sector, almost all other commodity areas also saw growth. The volume of exports excluding oil and erratics rose 3.5 per cent between February and March.

Growth in Ulster exports



Source: Northern Ireland Economic Research Centre

The first official survey of Northern Ireland's exports of manufacturing goods and services shows that they are rising faster than those of the UK as a whole, John Murray Brown writes from Belfast. In the three years to March 1994, exports by Northern Ireland companies increased 25 per cent to £2.2bn ($3.56bn) compared with a UK growth rate of 18 per cent. The survey, commissioned by the region's Department of Economic Development, and covered 1,133 companies accounting for 87 per cent of the region's manufacturing activity.

UK NEWS DIGEST

Computer data triggers fraud investigation

THE NATIONAL LOTTERY

Camelot, the National Lottery operator, yesterday started investigating a number of cases of possible fraud by retailers of Instants, the scratch card game, after computers identified suspicious patterns of activity. One retailer was cleared immediately, but checks are continuing on three others following the first example of alleged fraud involving the £1 National Lottery scratch cards, which are selling at the rate of 40m a week. Camelot security staff visited a store in Salisbury, south-west England, and removed all National Lottery materials including the on-line computer. The case came to light when Camelot's computers identified an unusual number of scratch cards being "swiped" through a reader. Normally only the relatively small number of winning tickets needs to be checked in this way.

It is alleged that part of the surface of the cards was scratched to reveal a four number code by which the lottery computer identifies winning tickets. Camelot believes Instants that had been tampered with were put through the computer, and that only losing tickets, or tickets with very low prizes, were sold to the public.

Raymond Snoddy, Consumer Industries Staff

EU challenge by consumers

Consumers' Association, the independent UK watchdog, has won the permission of the High Court in London to challenge the government over its interpretation of a European Union directive on unfair "small print" in consumer contracts. If the association is successful it could start proceedings against hundreds of companies it considers use obscure and unhelpful phrases in contracts with the intention of reducing consumers' rights.

The EU directive on unfair terms says "persons or organisations" recognised in each country as acting on behalf of consumers should be allowed to challenge the wording of consumer contracts in the courts. The UK government interpreted this provision by appointing the Office of Fair Trading as the only body which would be allowed to challenge contract terms, arguing that CA and other consumer groups had no standing in law. CA argues that the EU directive gives the association authority to challenge contracts.

Diane Summers, Marketing Correspondent

Crime against stores grows

The British Retail Consortium is joining forces with the police in London to counter the growing problem of crime against stores, which costs their owners £12bn ($19.4bn) a year. The consortium, which represents 300,000 outlets, is setting up a Joint Robbery Intelligence Desk with the Metropolitan Police.

The robbers' favourite shops

Source: British Retail Consortium

A survey by the consortium in 1993-94 found that retailers suffered losses of almost £12bn as a result of robbery. Across the retail trade, three outlets in 100 experience a robbery every year, making them six times more likely to be robbed than private citizens. The risks are far greater in certain sectors of retailing (see chart), and in London.

Neil Buckley, Consumer Industries Staff

Polly Peck offer due today

Administrators to Polly Peck International, part of the collapsed business empire of Mr Asil Nadir, will today offer creditors an interim payment of 2p in the pound. The offer will be announced at a creditors' meeting in London and marks another step towards the first distribution of funds since the collapse. If approved by creditors and ratified by the courts, an approved scheme of operation will be set in place for the smooth distribution of further funds.

More than 1,000 ordinary creditors and between 1,000 and 5,000 bondholders are eligible for the offer. PPI collapsed in 1990 with debts of up to £1.3bn. Mr Nadir fled the UK in 1993 for his native northern Cyprus facing charges of false accounting and theft involving £34m.

Jim Kelly, Accountancy Correspondent

MPs protest at royal costs

MPs protested at the low rents being paid by staff of the royal household for "grace and favour" accommodation. A report to a committee of the House of Commons from Sir John Bourn, comptroller and auditor-general, showed that staff on salaries of up to £87,436 ($141,646) a year were being charged a maximum of £202 a week for homes with up to six bedrooms in some of London's most expensive districts. "That is an astonishing figure – £200 a week for all that accommodation at our expense," said Mr Alan Williams, a Labour member of the Commons public accounts committee. He accused Buckingham Palace staff of preventing Parliament from asking questions to which it had the right to know the answers. *PA News*

Dutch farms blamed for smell

The unwelcome odour of rotten eggs and industrial waste is wafting over the country from the south-east coast to the Midlands 350km away, weather experts said yesterday. "It's one of the worst smells we've had in years," said a Meteorological Office spokesman, who confirmed that complaints had been pouring in since the odour hit the east coast of England. The cause is not known, but suspicion is focussed on pig farms in the Netherlands. Unusual weather over eastern England is also a factor. The air over the UK yesterday was hovering over the German and Dutch border late Monday evening and over Poland before that. Industrial pollution from factories in those regions has been trapped in the lower atmosphere and there has been little or no rain to flush it away. *PA News*

Doctor wins damages: A junior doctor who became clinically depressed after working "inhuman" hours has won damages from a London health authority in a landmark case. Dr Chris Johnstone has accepted an estimated £5,000 ($8,100) compensation a week before the case was due to reach the High Court. "I look back now and consider my working conditions inhuman," said Dr Johnstone, now 32. "At the time, I felt tortured by lack of sleep, I felt desperate and at times even suicidal." In the late 1980s junior doctors in state hospitals sometimes worked more than 100 hours a week.

Parents to sue: A couple whose 19-year-old daughter was murdered in Scotland are to sue the man who went on trial for killing her. The case against Francis Auld was declared "not proven" by a Scottish jury. The verdict of "not proven", which means that the accused goes free, exists in Scottish but not English law. Now Mr Joe Duffy and his wife are to sue Auld for £50,000 for the loss of their daughter, whose battered body was found on wasteland in 1992.

Geoff Nairn on attempts to reuse more materials from old cars

Tough with fluff

Fiat's car recycling laboratory, deep in its Mirafiori car plant in Turin, is not a place for car lovers. A new Fiat Barchetta sports car waits to have its windows smashed, seat covers slashed and bumpers ripped off, making its sacrificial contribution to a project to recycle greater quantities of materials.

In one corner a box of greyish powder represents the limits of current practice. This is the "fluff" left after the dismantler has removed material that can be sold profitably and the vehicle's carcass has been through a mechanical shredder to separate the valuable metals.

Fluff consists of shredded rubber, seat covers, carpets, glass and a variety of plastics. It mostly ends up as landfill, although some countries, France in particular, encourage fluff to be burnt.

In Europe, 2.5m tonnes of fluff are dumped annually, representing 25 per cent by weight of the 10m cars scrapped each year. The amount is growing because of increased use of plastics in the past 15 years. So are the costs of shredding cars and landfill, and carmakers and environmentalists agree a better solution to Europe's fluff mountain must be found. "We must close the landfill sites," says Paolo Scolari, environmental director of Fiat Auto.

The European Commission set up a working group in 1991 to look at fluff from end-of-life vehicles (ELVs). Its report, published in February 1994, avoided specific legislation and called for a phased reduction in the amount of fluff dumped or burnt without energy recovery from the current 25 per cent to 15 per cent in 2002 and 5 per cent in 2015. But critics say the document is destined to remain on the shelf.

"The European Commission has done nothing about the report," says John Hollis, recycling director at the European Automobile Manufacturers Association (ACEA) in Brussels.

He believes EC legislation can have only a limited role in achieving these targets. "A directive would take five years to appear and that is too late," he says. In addition, last year's debacle over packaging legislation has taught Europe's environmental ministers that EC legislation cannot succeed where national laws have failed.

Hollis hopes that the next meeting of EU environmental ministers in June will adopt a different approach. He wants the EC to help harmonise national legislation and extend the voluntary, self-financing recycling schemes that have proved successful in member states such as France and Italy.

The ACEA fears EU countries could opt for the easier course of subsidising ELV take-back schemes either from levies on new cars, as happens in Sweden and the Netherlands, or high disposal fees for the last owner. "We are rather horrified by this approach," says Hollis.

In Germany, shredder charges have risen ten-fold in the past five years to between DM150 (£68) and DM450 (£205) a tonne. The dismantler charges the last owner DM100-200 to dispose of a car, which has led to a flourishing grey export market. About 1m of the 2.5m ELVs each year are sent to neighbouring countries rather than scrapped in Germany.

The Fiat recycling scheme in Italy has processed 100,000 tonnes of Fiat cars since it started in 1992 with a recycling ratio of 85 per cent against the European average of 75 per cent. In 1995, Fiat expects to handle a further 100,000 tonnes.

From last year, Italian owners of BMW and Renault cars can also use the scheme's 100 authorised recycling centres, following an accord between the three carmakers to accept each other's cars in their respective national recycling schemes. The UK car manufacturer Rover may soon join.

Peugeot Citroen has been running a pilot recycling scheme in Lyon since 1991 and wants to build five more. Renault has three pilot plants, while Preussag, a German metals company, plans a German network of 80 recycling centres to handle more than 300,000 tonnes a year, and has contracts with the principal German carmakers.

The Italian scheme achieves a higher recycling ratio because of Fiat's success in finding markets for three materials – window glass, seat foam and plastic bumpers – that traditionally were not recycled.

The car windscreen and windows are recycled as bottle glass; Italy, unlike Germany, does not have a glut of recycled glass because domestic collection is limited. The polypropylene bumpers are chopped up and used to mould air ducts for new Fiat models, while the foam seat-padding is compressed and sold to a company that recycles it as carpet cushion and tennis court surfaces.

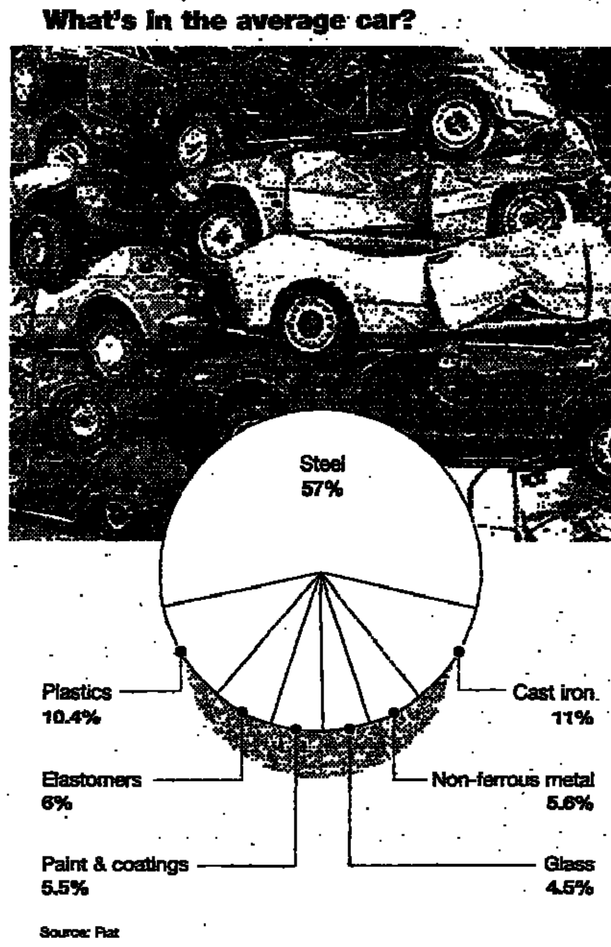
"A part is only recycled if it is economically worthwhile for the dismantler to do so," says Scolari. Fiat has produced dismantling handbooks for each model that describe, for example, the quickest way to remove the bumpers, the time required, and the amount of polypropylene recovered. A series of umbrella accords guarantee a customer for the material and a price that rewards the dismantler for the time spent.

Old catalytic convertors and CFC gas from air conditioners also have ready markets and Fiat now hopes to include bring boot carpets.

Fiat tried unsuccessfully to use the remaining fluff as a coke substitute in blast furnaces. Despite its high energy content, the composition of fluff varies considerably. It can contain 30 per cent earth, heavy metals and other toxic substances and the plastics, if not burnt correctly, may produce dioxin.

Renault, however, burns 20,000 tonnes of fluff each year in cement kilns, but must first prepare the material. "The cost of preparation has to be lower than landfill and the recycling plants have to be sited close to the cement works," says Daniel Froelich, assistant manager of the Renault recycling project.

What's in the average car?



Source: Fiat

Airbags problem balloons

Car airbags cause particular recycling problems because of the toxic chemicals in the propellant and the danger of explosion.

More than 70 per cent of new European cars will be fitted with airbags by 1996, according to industry predictions, creating a recycling problem for dismantlers in the next decade.

Traditional airbags use 100g of solid propellant based on sodium azide, a toxic chemical which, when ignited electrically, generates gas and inflates the bag.

Johann Ecker, marketing manager at Temic Bayern-Chemie Airbag, the Munich-based airbag subsidiary of Daimler Benz, says the gas generated is 98.5 per cent nitrogen – making the airbag harmless once inflated.

In the US, however, where this traditional technology has been in use since the 1980s, car shredding plants take precautions not to expose their employees to the gas of airbags exploded by the shredding process.

Dismantlers are reluctant to remove airbags because of the azide and the danger of explosion. For this reason, Temic Bayern-Chemie has started a pilot scheme to take back its inflators from German dismantlers.

The company will collect untriggered inflators, ignite them and return the empty steel and aluminium casings. Temic Bayern-Chemie is also working with leading German car makers to set up a comprehensive take-back scheme and is examining whether the propellant can be reused instead of ignited.

The azide-based inflator is currently the most common technology, but airbag makers have developed safer inflators. Bag, a joint venture between Fiat's defence subsidiary BPD and US component companies Allied Signal and Atlantic Research, will produce "hybrid" inflators that use harmless compressed argon and just 15g of explosive.

The Italy-based company plans to make 3.5m airbags a year. Temic Bayern-Chemie also plans to introduce hybrid inflators and non-toxic, azide-free inflators in 1996.

Finding fault at a Japanese nuclear site

Emiko Terazono on fears over the safety of a new waste and reprocessing plant

A pamphlet outlining the nuclear fuel facilities at Rokkasho, in northern Japan, describes the sparsely populated district as one of the few areas in the country suitable for building a large industrial complex.

The area is a broad flat plain with an abundant supply of water for industrial use and with access to harbour facilities.

But environmentalists describe Rokkasho, where the high-level radioactive waste will be stored over the next 50 years, as unsuitable for a nuclear waste storage and plutonium reprocessing site.

They claim that economic reasons were put before safety, and argue that the use of Rokkasho as a nuclear facility site was planned in order to rescue a faltering consortium created to develop the area as a steel and petroleum project.

The main fear is seismological. This concern has become more real after the Kobe earthquake devastated western Japan earlier this year. Last December, a large earthquake shook northern Japan, and local groups opposed to the project cite photographs of cracked roads and a gaping quay at Obuchi port, a fishing harbour less than 5km away from the nuclear facilities.

The shipment of 28 glass blocks of high-level nuclear waste which was due to arrive yesterday, is the first of more than 3,000 blocks of spent Japanese nuclear fuel reprocessed in France and the UK, to be shipped to Rokkasho over the next 10 years.

The hot radioactive waste will be placed into tubes buried 20m below the ground where they will be left to cool. Reprocessing of used nuclear fuels is also expected to start in the next decade at the plutonium reprocessing factory.

Such facilities will be built in a region that has been previously affected by earthquakes as measuring up to 7.9 on the Richter scale, and government officials acknowledge that there are faults around the Rokkasho site that could be active. The Science and Technology Agency says the site is built on a fault on top of which is a geological formation which has not moved for more than 100,000 years. But it admits that there are about 17 faults that may or may not be active within a 100km radius of the site.

In the ocean, the Research Group for Active Faults of Japan, a group of geologists and academics, point out that there is an active fault 84km long off the coast of Rokkasho.

Officials at Japan Nuclear Fuels, which is in charge of the nuclear site's operations, insist that the buildings and facilities are built to withstand three times the "maximum expected level" of seismic damage. They also claim that the buildings are constructed on bedrock which enables structures to withstand earthquakes.

However, hydrological concerns remain. Rokkasho is a marshy area of lagoons and lakes. Yosaburo Takada, a local fisherman and a leading member of the opposition group, points out that the site is built on a former lagoon, and that underground water veins could weaken the ground on which the facilities are built – making it more vulnerable to earthquakes.

Tadashi Ogose, a geologist and former professor of Wako University, claims that the ground below the Rokkasho facilities is like "tofu" because of the high water content of the terrain.

And although buildings may be able to withstand small earthquakes, "changes in hydrology or the movement of ground water around the region could occur", says Phil Richardson, a geological consultant.

There are doubts among seismologists and geologists as to whether Japan, which is located in a seismic zone where the crustal movement is most active, should be pursuing an aggressive plutonium reprocessing programme in the first place.

Opposition groups around Rokkasho have been trying to stop the site's operations, and have taken the government to court to force it to revoke its construction permits for the facilities.

However, the nuclear storage facilities have been completed and a court ruling may not come before the reprocessing facilities are finished next decade. "It will take more than 10 years before the final ruling and then it may be too late," says Ogose.

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ARTS

Television/**Christopher Dunkley**

It's a funny thing, comedy

What you find laughable may leave your colleagues bewildered. So perhaps it is a good thing that there is such a lot of it on television these days, though if you asked any ten viewers "What *is* comedy?" you would quickly run into profound disagreement. In this week's Radio Times Polly Toynbee, the BBC's social affairs correspondent, declares that *Cardiac Arrest* makes her angry because it does not give the whole story, it is "not a warts-and-all portrait of the NHS it's a warts-only picture". By the same reckoning *Hamlet* gives a pretty one sided picture of royalty. But Ms Toynbee's most surprising claim is that *Cardiac Arrest* has no jokes.

It all depends, as Joad would have said, on what you mean by jokes. Or perhaps it depends on whether you have ever done a 12-hour shift amid the blood, vomit and faeces of a big casualty department. If you have – or if you can imagine what it is like – then *Cardiac Arrest* may well make you laugh. It could be the laughter of embarrassment, the laughter preceding tears, or even the laughter which substitutes for hysteria, because comedy is not always sweet and jolly and benevolent. There is a polemical point behind the roller blades worn on the wards by the Australian surgeon who is known as "The Butcher" in *Cardiac Arrest*. And when the young doctor is told by the slightly older doctor: "we work in a pool of excrement and your job is to swim for the shallow end," revulsion may accompany the laughter, but many of us do laugh in recognition, in sympathy, or in the same spirit that we used to laugh with Lenny Bruce at the absurd black horror of life.

Last week's *Omnibus* (like *Cardiac Arrest* a BBC1 series) had a go at analysing comedy when it celebrated the work of David Croft and Jimmy Perry. They wrote *Dad's Army*, *It Ain't Half Hot Mum* and *Hi-de-Hi*, and the best parts of this programme were the clips from their shows. The worst parts involved a solemn academic being wheeled out to hand down sociological insights into the comedy. Funnily enough, he overlooked the joke which many English viewers find the biggest source of fun in *Dad's Army*: that the expected social backgrounds of the two main characters have been reversed, with John le Mesurier playing the NCO as a laconic ex-public schoolboy, and Arthur Lowe playing the commanding officer as a lower middle class snob.

Omnibus showed that Perry and Croft's greatest strength lay in the authenticity of their work. It seems that one of them really had been told by a survivor of the battle of Omdurman that "The fuzzy wuzzies didn't like it up 'em", the line they put repeatedly into the mouth of Clive Dunn's Lance Corporal Jones. And one of them really had come across a homophobic Sergeant Major who used to roar at the men of the concert party "You is a load of poofs. What is you?" just like the Windsor Davies character in *It Ain't Half Hot Mum*. Even when these comedies first came to the screen, between 1968 and 1980, they felt as though they had a sepia wash across them, and now, in the age of the information superhighway, they seem positively Edwardian. But you can easily imagine social historians in 100 years treating them as accurate source material.

Does that mean that all effective comedy grows out of scrupulous accuracy? Of course not. The answer to the question "What makes us laugh?" is almost anything if it is created cleverly enough by somebody with a powerful sense of humour. There is nothing particularly "authentic" or "accurate" about *Absolutely Fabulous* and (in contrast to *Dad's Army* where character was created as a sculptor builds up a clay model on an armature) pitifully little is done to extend or enlarge the characters. Yet who would dream of missing an episode? Watching Jennifer Saunders in her virtual reality helmet bumping into the mantelpiece last week had me in stitches. And even if experienced comedians seethe at the ease with which beautiful Joanna Lumley swans off with comedy awards (another this week from BAFTA) she can be very funny. In last week's sixties-orgy episode, her delivery of the line "You're in the hands of an expert, darling" was perfect.

Perhaps the most interesting aspect of the British sitcom scene is the fact that many of the series originating on this side of the Atlantic would scarcely be seen as comedies on the other side. Watch a typical American series such as *Cheers* and you will find that, even when dealing with serious or touchy subjects – illness, frigidity, ageing – the producers still ensure that there is a big laugh every 60 seconds or so.

Some series in Britain set out with similar ambitions; Channel 4's new Friday night programme *Father Ted*, about three clergymen living together on an island, seems, from the desperately hysterical laughter track, to be hoping for a similar strike rate. Unfortunately the opening episode suggested that *Father Ted* is one of the unfunniest comedies to appear in the last 25 years.

Many British sitcoms have no such ambitions. Series such as *Shine On Harvey Moon* and *Goodnight Sweetheart* (both created by Laurence Marks and Maurice Gran) and Bob Larbey's new ITV series, *My Good Friend*, starring George Cole as a grumpy pensioner, are comedies of manners which win the viewer's loyalty with affection rather than the promise of frequent belly laughs. There is a Dennis the Menace cartoon in which the terrible tot is saying to his friend "Sure wish I was three years old again . . . knowing the things I know now" and that idea lies at the heart of *Goodnight Sweetheart*.

Gary Sparrow regularly travels through time to a pub in the London of the second world war where he carries on a love affair with Phoebe. He takes his 1990s' sophistication with him. Thus this week he lorded it over a snooty Yank, who was bidding for Phoebe's favours, by producing an aerosol of shaving foam and asking casually "Don't you have this in America?" Later, at a village concert, he sat at the 1940s' piano and sang one of the Beatles' more sentimental ballads. There are jokes of course, such as the barman expressing outrage at the fortunes being paid to soccer players: £8 17s 6d a week! But the chief attractions are fond nostalgia and the gentle ridicule of the supposed naivety of our forefathers.

My Good Friend is yet another series which, like *Waiting For God* and *One Foot In The Grave* portrays the elderly not as weak and biddable but as angry and rebellious. It is a theme which will no doubt become even more common as the population ages.

Trying to define successful comedy is like trying to tie down water. The important points are that it is magical stuff, you know it when you see it, and in Britain most of it is made by the BBC.

Unmissable: 'Absolutely Fabulous' with Jennifer Saunders and Joanna Lumley

Recital/**Adrian Jack**

Lazar Berman

Lazar Berman is one of those Russian discoveries whose reputation in the west was glamorised by the Soviet prohibition on his travelling abroad. He was already in his mid-forties when, in 1976, he made his début in the US. He has never been a frequent visitor to Britain – he last gave a recital on London's South Bank in 1993, after an absence of 10 years.

But have we missed much? Berman's publicity stresses what it calls his "grand romantic style" and makes out that this is something much rarer than in fact it is. His recital at the Royal Festival Hall on Sunday afternoon offered the opportunity to hear exactly what is meant. As chance would have it, he began with the same two sonatas as Barry Douglas – a past winner of the Moscow Tchaikovsky Competition and 30 years Berman's junior – played at the Barbican three weeks earlier: Beethoven's "Moonlight" and Chopin's "Funeral March" sonatas.

Age tends to bring with it a relaxation of a pianist's rhythmic discipline, not to mention diminishing accuracy in the notes themselves; yet it can bring ample compensations, too, the chief of which is a freeing up of expression, an expansiveness and warmth through the sheer confidence and weight of experience.

Berman took the opening movement of Beethoven's "Moonlight" very slowly – which in itself is no bad thing. But since he did not sustain the beat reliably, nor communicate those intangible qualities of concentration and intensity that can hold us spellbound, the music soon grew ponderous and seemed to wander. The Minuet second movement was very quiet and gentle, but its rhythm was limp, so it did not provide an effective contrast with the first movement. Most disappointing of all was the finale, which Berman took at an unduly steady tempo – certainly not Beethoven's "Presto agitato", so that it had no urgency at all.

Chopin's "Funeral March", the most difficult of his three sonatas to bring off, started impressively. But Berman's energy seemed to dwindle to a trickle as soon as he launched the main, fast tempo and he coasted through the movement complacently, allowing himself a lot of wrong notes. The Scherzo was similarly gutless and its slower middle section seemed endless. The "Funeral March" itself shuffled along moodily – again, Berman's beat was wayward – whereas, surely, it should be formal and solemn. And the finale, which Berman's biography boasts he could once play in under 50 seconds, as if that were a desirable objective, was simply as dry as dust, though I suppose you could make a case for that as some sort of statement in itself.

After the interval, Janáček's Sonata seemed an odd choice for a pianist so given to loose-limbed phrasing, for Janáček himself disapproved of rhythmic licence, and his terse, urgent utterances do not allow it. Liszt is another matter, and in his Dante sonata, Berman at last made more sense. It is possible for this vision of the Inferno to sound more terrifying, but the sheer richness and splendour of Liszt's sonorities can take precedence over the none too fine points of his musical characterisation, and the sheer ease with which Berman pumped out the decibels without forcing his tone was impressive. Besides, he needed to drown out the persistent thumping which leaked through from the foyer below: whatever happened to the Festival Hall's sound-proofing?

Verdi and 20th century opera in Covent Garden's new season

In June Jeremy Isaacs, general director of the Royal Opera House Covent Garden, should hear whether Westminster Council has finally approved the £180m new opera house development; and in July he should know whether the Arts Council has allocated the £58m he needs from the National Lottery to build it.

In the meantime he announced yesterday his plans for the 1995-96 season, the penultimate before Covent Garden closes in the summer of 1997 for a planned re-opening in the renovated premises at the millennium.

Opera fans have more to look forward to than balletomanes: opera produces greater box office revenue, and Covent Garden still has a deficit. The opera programme includes two highlights – a mini season of four 20th century operas, and a second Verdi season in the summer, featuring four new productions.

The 20th century series features *Arianna*, music by Alexander Goehr to a libretto written in 1608; Hindemith's *Mathis der Maler*, directed by the controversial Peter Sellars and conducted by Esa-Pekka Salonen, both making their Covent Garden debuts; Tippett's *The Midsummer Marriage*; and the Opera North version of Gerhard's *The Duenna*. Thanks to an extra £300,000 from the Arts Council and £250,000 from the Foundation for Sport and the Arts, seat prices will be kept low for these four operas.

The new Verdis are all co-productions, a fact of life in international opera these days. They are *Don Carlos* (from Paris); *Nabucco*, with WNO; *Il corsaro* (Turin); and *Giovanna d'arco* (Opera North). There will also be revivals of *La traviata* and *Aida*. The other new productions in the season are the completion of the Ring Cycle, with *Götterdämmerung*, and Massenet's *Hérodiade*.

The Royal Ballet will perform only 109 times at Covent Garden, as against 140 opera performances, but will tour for eight weeks. The only fresh excitement is an evening choreographed by Twyla Tharp. Jeremy Isaacs maintains that financial restraints on the size of the company, just 85 dancers, and poor rehearsal facilities, prevent the creation of full-length new ballets.

During its closure Covent Garden will not now go to Sadler's Wells: it is too small. Instead the choice is narrowed down to a renovated Lyceum, or a semi-permanent structure sited either opposite the Tower of London, at Vauxhall, or in Battersea Park.

Antony Thorncroft

Theatre/**Alastair Macaulay**

Alan Bennett's 'Enjoy'

Alan Bennett is a satirist; and, as his satires proceed, they show that he is also a sociologist. He is forever anatomising different aspects of Britain to ironic effect. As some of Bennett's sociological studies proceed, however, they reveal that he is also part archaeologist, part curator. He digs into vanishing aspects of Britain, and gives them a perverse, embalmed, existence. He has become one of Britain's most loved artists because he makes us love Britain by laughing at it. And yet there is something very unloveable about his detachment.

Certainly it is his ironic regard for one aspect of vanishing Britain that makes *Enjoy*, a play of his that made no very great impression in 1980 but which has now been excellently revived at the Nottingham Playhouse in a new production by Jeremy Sams, so curious an experience. Mam and Dad live in one of the last back-to-backs in Leeds; and – comically, quizzically, cleverly, detachedly – Bennett brings to life the condition of their declining years even while he puts it into mothballs. The play effortlessly holds its 1995 audience and continually entertains them: quite a feat, for it is far from adorable. I find it skilful, amusing, and, on the whole, repellent.

Enjoy contains a quintessence of Bennett: i.e. his keen attention to the absurd meagreness of spirit of ordinary British people. He shows this meagreness as something daft, funny, pathetic. But he keeps on satirising it, emphasising its absurdity, until his ironic detachment from it registers as a tender form of condescension – becomes, itself, pathetic. Is there a large-spirited character in all of Bennett's work? In *Enjoy*, Mam and Dad are narrow, repetitious, inhibited; and oh! how cleverly Bennett homes in on this. Dad: "Sweden offers the latest in modern architecture and a freewheeling line in morality, but our Linda's a sensible girl, she won't be bowled over by all that." Mam, recognising at last that this transvestite visitor in a grey midi-suit is her son: "It doesn't suit you one bit. Navy's your colour."

The play seems to owe much to the black comedies of Joe Orton. Both major features of plot – a long-lost son who now returns as a transvestite, a favourite daughter who is a prostitute but whose parents like to think she is a secretary, a young thug whose careless but deliberate aggression nearly kills the father – and of parlance (the ironic, post-Wildean, exaggerated formality of such lines as the thug's "These publications are our constant study" about porn magazines and the prostitute's "I find him not unattractive" about her transvestite brother) are thoroughly Ortonian.

But the larger dramatic framework of the play and much of its interior detail are entirely Bennettian in their sociological satire. Bennett's satire, in fact, is *about* sociology – about the degree to which sociology has permeated daily British life. The central couple of the play, Mum and Dad, are visited and studied by one note-taking surveyor; the aggressive yob is attended by another; the next-door neighbour is attended by a third . . . until finally the sociologists become curators and turn Mum's and Dad's back-to-back home in Leeds into a museum piece, with Mum and Dad as its living live-in exhibits.

Jeremy Sams's production – an intimate working-class counterpart to his impressive 1994 Leeds production of Bennett's large-scale public-school *Forty Years On* – is excellent, his finest achievement as a director to date. Especially admirable is the way that James Bolam (Dad), Anne Reid (Mam), Gilly Tompkins (Linda), Stephen Noonan (Terry), Rhoda Lewis (Mrs Clegg) all sound wholly spontaneous and characterful even amid the most artificial and pointed lines of Bennett's satire. ("That's the latest thing, isn't it, the human scale." "I've read all about it, in paperback." "I can deliver an enema at a moment's notice . . . I'm an asset at any bedside.") Lez Brotherston's set perfectly catches not only the quaint, dull, ugly decor of Mam's and Dad's home but also the ironic spirit of the play; the way the home becomes a museum piece at the end is spot-on. As a translator, Sams has often worked too hard to advertise his own cleverness; but, when working on a text by another wise guy like Bennett, he renders his own contribution transparent, artless, and wholly admirable. It will be interesting to see one day how he fares with larger-spirited material.

At Nottingham Playhouse, until May 13.

INTERNATIONAL ARTS GUIDE

■ BALTIMORE

CONCERTS

Symphony Hall Tel: (410) 783 8000

● Baltimore Symphony Orchestra: with guitarist Manuel Barrueco. James Paul conducts a programme that includes Vivaldi, Puccini and Respighi; 8.15pm; Apr 28, 29, 30 (3pm)

OPERA/BALLET

Lyric Opera House Tel: (410) 727 6000

● Manon Lescaut: by Puccini. A Baltimore Opera presentation conducted by Joseph Rescigno and directed by James de Blaisis. Soloists include Barbara Daniels, Elizabeth Byrne and Patryk Wroblewski; 8.15pm; Apr 26 (7.30pm), 28, 29, 30 (3pm)

■ BERLIN

OPERA/BALLET

Deutsche Oper Tel: (030) 34384-01

● Lohengrin: by Wagner. Conducted by Hollreiser/Thielemann, produced by Götz Frederich; 6pm; Apr 30

● The Masked Ball: by Verdi. Conducted by Rafael Frühbeck de *Burgos/Sebastian Lang-Lessing*, produced by Götz Friedrich; 7.30pm; Apr 26

■ BRUSSELS

CONCERTS

Beaux-Arts Tel: (02) 507 82 11

● Belgian National Orchestra: with the Brussels Choral Society led by Tom Cunningham and mezzo-soprano Penelope Walker. Yuri Siminov conducts Elgar's "The Dream of Gerontius"; 8pm; Apr 29

■ FRANKFURT

CONCERTS

Alte Oper Tel: (069) 1340 400

● Evening of Songs: with soprano Margaret Price and pianist Thomas Dewey in a programme that includes Wolf and Strauss; 8pm; Apr 26

● Radio Symphony Orchestra Frankfurt: Andrew Litton conducts Elgar, Walton and Britten/Dowland; 8pm; Apr 27, 28

■ LONDON

CONCERTS

Barbican Tel: (0171) 638 8891

● English Chamber Orchestra: with soprano Barbara Hendricks. Hubert Soudant conducts Pergolesi's "Stabat Mater" and Fauré's "Requiem"; 8pm; Apr 27

● English Chamber Orchestra: with violinst/director Isaac Stern and director Paul Barritt plays Tchaikovsky, Bach, Stravinsky and Mozart; 7.30pm; May 3

● Grand Classical Gala: Martin Merry conducts the National Symphony Orchestra in a programme that includes Verdi, Orff, Strauss and Ravel; 7.30pm; Apr 30

● *Puccini Gala Night: Paul Wynne* Griffiths conducts the London Concert Orchestra with sopranos Christine Teare and Clare Rutter, and tenors Adrian Martin and Julian Gavin for an evening of Puccini *highlights*; 8pm; Apr 29

Queen Elizabeth Hall Tel: (0171) 928 8800

● Orff and Poulenc: Ian Humphris conducts the National Westminster Choir and the Westminster Philharmonic Orchestra to play Orff's "Carmina Burana" and Poulenc's "Gloria"; 7.45pm; Apr 26

Royal Festival Hall Tel: (0171) 928 8800

● Gala Concert: The London Philharmonic and Royal Philharmonic Orchestra. Sir Georg Solti conducts Beethoven's "Symphony No.7" and Bartók's "Concerto for Orchestra"; 7.30pm; May 2

● Philharmonia Orchestra: with violinist Anne-Sophie Mutter. Semyon Bychkov conducts Hindemouth, Rihm and Beethoven; 7.30pm; May 3

● The London Philharmonic: Franz Welser-Möst conducts Pärt, Sibelius, Martin and Shostakovich; 7.30pm; Apr 27

● The Michael Nyman Orchestra: with harpsichordist Elizabeth Chojnacka and mezzo-soprano Hilary Summers. World premiere of the orchestra brought together especially for the Nyman series and includes the premiere performance of "Carrington"; 8pm; Apr 29

GALLERIES

Serpentine Tel: (0171) 402 0343

● Take Me (I'm Yours): a unique opportunity to touch, use, test, buy or take away the objects in this exhibition that has been selected by Swiss *curator Hans Ulrich Obrist; to* May 1

OPERA/BALLET

English National Opera Tel: (0171) 632 8300

● Don Giovanni: a new production *of Mozart's opera. House debuts for* director Guy Joosten and conductor Markus Stenz; 7pm; Apr 27, 29

Royal Albert Hall Tel: (0171) 589 8212

● The Masked Ball: by Verdi. Conducted by Edward Downes, directed by Patrick Young and with soloists Deborah Voight, Lillian Watson and Luciano Pavarotti; 7.30pm; May 1

Royal Opera House Tel: (0171) 304 4000

● Mixed Programme: a Royal Ballet production that includes a new production of the Frederick Ashton choreographed "Rhapsody" and the world premiere of "New Forsythe Ballet", choreographed by William Forsythe to the music of Willems; 7.30pm; Apr 27, 29 (7pm)

● The Masked Ball: by Verdi. Conducted by Edward Downes, directed by Patrick Young and with soloists Deborah Voight, Lillian Watson and Luciano Pavarotti; 7.30pm; Apr 28

THEATRE

Barbican Theatre Tel: (0171) 638 8891

● Twelfth Night: by Shakespeare. Directed by Ian Judge; 7.15pm; May 1, 2, 3

■ MUNICH

GALLERIES

Bayerische Staatsgemäldesammlungen Tel: (089) 23 80 50

● Henri de Toulouse-Lautrec: posters; to Apr 30

Haus der Kunst

● Deutsche Romantic: previously on show in London, this exhibition has created much discussion in Germany. It examines the work of early German Romantic painters and *their cultural and political impact on* successive generations of German artists; to May 1

■ NEW YORK

CONCERTS

Alice Tully Hall Tel: (212) 875 5050

● New World Symphony: Michael Tilson Thomas conducts Ives, Dahl, Bach and Copland; 8pm; Apr 29

Avery Fisher Tel: (212) 875 5030

● American Symphony Orchestra: with conductor Leon Botstein, tenor Thomas Young, baritone William Sharp and the New York City Gay Men's Chorus in a programme celebrating the 50th anniversary of the founding of the United Nations; 3pm; Apr 30

● New World Symphony: Michael Tilson Thomas conducts Mahler and his own "Diary of Anne Frank"; 8pm; Apr 28

Carnegie Hall Tel: (212) 247 7800

● Boston Symphony Orchestra: with soprano Sylvia McNair. Seiji Ozawa conducts Ravel, Schoenberg and Berlioz; 8pm; Apr 28

■ PARIS

CONCERTS

Châtelet Tel: (1) 40 28 28 40

● Daniel Barenboim: pianist and conductor with the orchestra of the Deutsche Oper Berlin in a programme that includes Beethoven; 8pm; Apr 26, 28

GALLERIES

Musée d'Orsay Tel: (1) 45 49 11 11

● James McNeill Whistler: exhibition of works; to Apr 30

OPERA/BALLET

Opéra National de Paris, Bastille Tel: (1) 47 42 57 50

● *Iphigénie en Tauride*: by Gluck. Conducted by Graeme Jenkins, produced by Achim Freyer. Soloists include Carol Vaness, Anthony Michaels-Moore and Keith Lewis; 7.30pm; Apr 27

■ VIENNA

CONCERTS

Gesellschaft der Musikfreunde Tel: (1) 505 13 63

● Budapest Festival Orchestra: with pianist András Schiff. Ivan Fischer conducts Bach, Bartók and Beethoven; 7.30pm; May 2

● Viennese Mozart Academy: with clarinetist Peter Schmidl. Yehudi Menuhin conducts Mozart, Pärt and Shostakovich; 7.30pm; Apr 29

● Viennese Symphony Orchestra: with soprano Gabriela Benackova-Cap and tenor Siegfried Jerusalem. Georges Prêtre conducts Schoenberg and Beethoven; 7.30pm; Apr 28

■ WASHINGTON

CONCERTS

Kennedy Center Tel: (202) 467 4600

● Murray Perahia: pianist plays Handel, Schumann and Chopin; 7pm; Apr 26

● National Symphony Orchestra: with pianist Tzimon Barto. Zdenek Macal conducts Ott, Grieg and Brahms; 8.30pm; Apr 27, 28, 29; May 2 (7pm)

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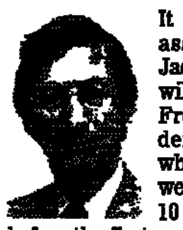
Ian Davidson

Flexible face of Chirac

In his odyssey he has tried on every kind of political disguise



It is natural to assume that Jacques Chirac will be the next French president. That's what the polls were indicating 10 days ago, before the first round of voting; and that's what they are again indicating, after the first round of voting.

But in between, there has been this little upset over the running order. The socialist Lionel Jospin was supposed to come second on Sunday, or even third; but lo and behold, he came first. This may just give us pause to wonder whether the common opinion is correct in all particulars.

Why did Jacques Chirac overtake his rightwing rival, prime minister Edouard Balladur? Because he depicted "Doudou" as a conservative, a caretaker, an archiepiscopal stuffed shirt; whereas he projected himself as an architect of change, a man of compassion, a man of the people: in short, a candidate of the left.

This must have seemed at the time a cunning strategy: the Socialist party was universally written off as moribund; but the electorate was manifestly thirsting for anyone who would promise solutions to problems of unemployment and social deprivation.

Chirac's first difficulty today is that while he was reaching out to the poor and the downtrodden, he left the field wide open to a different kind of protest against unemployment, from the ultra-right: Jean-Marie Le Pen and Philippe de Villiers racked up a combined vote of nearly 20 per cent. But now he has to campaign against a socialist, and must therefore try to recover the ultra-rightwing vote; this means that he must re-package himself as a man of the right.

Chirac's aides try to minimise Le Pen's record vote, by pointing out that it is only 1 per cent up on last time. But they do not go on to point out that the same could be said of Chirac himself. In the 1981 election, his first-round score was 18 per cent; in 1988 it was 19 per cent: and this time it was 20 per cent. This time, the polls say he will win; yet no-one has ever won before with such a low first round score.

In his long odyssey, he has tried on every kind of political disguise. He used to be a nationalist Gaullist; as prime minister in 1986-88, he turned into a modern market Thatcherite; now he is a compassionate populist offering magic, cost-free panaceas. Before the 1981 election he was anti-European; in 1986-88 he ratified the Single European Act – which provided for the free movement of goods, services, people and capital by January 1 1993 – and in 1991-92 he supported the Maastricht treaty; today he hints at a new flirtation with Euroscepticism.

Most politicians would find such contortions a strain on the physique. But Jacques Chirac has unusual political flexibility, and can bend whichever way the wind blows. Yet his pursuit of the presidential prize has become such a spectacle over the past 20 years that it began to seem likely the people would finally tire of his agitation and inconstancy, and above all of his pompous, civil servant's rhetoric.

To recover the ultra-rightwing vote . . . he must re-package himself as a man of the right

A few weeks ago, stories began appearing in the press, telling us that the Chirac of this campaign was a changed man: calm, serene, statesman-like, Olympian; and it was this transformation which accounted for his popular success. Well, I was in France shortly before the first round, and as far as I could tell, this new Chirac was exactly like the old: hyperactive, volatile, unpredictable and bombastic.

None of which is to say that he will not be elected president: merely that the ideological and popular basis of his election may prove precarious; and that his election may only be the beginning of his presidential difficulties.

His first difficulty is domestic and economic. By common consent, France's high structural unemployment is the number one issue in this presidential contest. If one excludes Lionel Jospin's plan for cutting the working week, and Jean-Marie Le Pen's plan for expelling all foreigners, all the candidates have been evasive in their programmes for reducing unemployment. But Jacques Chirac has far out-distanced the rest in the alluring and painless ambiguity of his plans: wages must rise, health spending must be guaranteed, income tax must fall. It is not quite clear how his proposals add up; but presumably, if he is elected, the voters will expect sustained and dramatic falls in unemployment.

The problem is that most of Chirac's campaign promises date from his pink period, only weeks ago, when he was a left-leaning, compassionate populist. In the next 10 days he must swing back to the right. If he is then elected, rightwing President Chirac may find he is no longer committed to the promises made by leftwing candidate Chirac.

The reason can be encapsulated in one word: Europe. Many people in France lay the blame for high unemployment on the low-inflation, hard franc policy of the past 12 years; and they yearn for "another policy", by which they mean a break for freedom from the Maastricht convergence criteria. If Chirac were to imitate President Mitterrand in 1981, and reflate the economy, expand public spending, and let the franc go, he could pump up some short-term euphoria; but he could say good-bye, not just to monetary union in Europe, but by extension to the Maastricht treaty.

Everything will depend on who Chirac appoints as prime minister. If it is Alain Juppé, the foreign minister widely regarded as front-runner, France is likely to stick to a "franc fort" policy. In which case, French economic strategy will have to be the opposite of what Chirac has been promising: stable wages, lower health costs, and higher income tax.

Andrew Hill surveys the muddled process of privatising and deregulating Italy's telecoms

Rich mixture of a telephonic stew

For years, the most obvious symbol of Italian telecommunications was the "gettone", a L100 token bought from the barman to use in public telephones. Now it is the mobile phone. Bleating "telefonini" can be heard everywhere from the *caffè* to the confessional, and have found a place in the pockets of more than 2.5m Italians.

The success of mobile telephony, and its potential for expansion, is one of the reasons why Italy is now considered one of Europe's most attractive telecoms markets, and why analysts are predicting strong international demand for the government's majority stake in Stet, the telecoms holding company, due to be sold later this year.

What Italy lacks, however, is a firm regulatory structure. Without precise rules, it is difficult to predict how successful Stet and Telecom Italia, its principal operating subsidiary, will be in completing the transformation of a chain of state-controlled telecoms companies, some bound by rigid tariffs and public service obligations, into a competitive international telecoms group.

Stet and Telecom Italia were the best-known elements to emerge last year from a simplification of the old sector, accurately described by Telecom Italia's chief executive as a "telephone stew". Together with Sirti, the quoted telecoms contractor for installations and maintenance – in which Stet has a 49 per cent stake – they now represent about a fifth of the market capitalisation of the Milan stock exchange. Demerger of the mobile phone business in July will add a fourth Italian telecoms stock to the selection on offer.

Telecom Italia, born last year from a merger between five different companies, is the sixth largest telecoms operator in the world, with 1994 turnover of L29,100bn (£10.58bn), and 24.5m customers. Stet also groups together international subsidiaries in manufacturing (through Italtel, now part of a 50-50 joint venture with Siemens of Germany), publishing, and information processing (through Finsiel, the second largest information services company in Europe after Cap Gemini of France).

Analysts believe that, unlike their counterparts in smaller European countries, Stet and Telecom Italia are big enough to resist the erosion of the market by other competitors. As Mr Ernesto Pascale, Stet's pugnacious chief executive, puts it: "We hope we'll cut ourselves an even bigger slice of a sector, which, because of liberalisation, is bound to get larger."

Mr Pascale says that in theory, Telecom Italia and its sister companies could be ready for liberalisation earlier than the European Union's proposed date of 1998 for opening all services to competition.

But in the absence of clear rules, he is worried that foreign competitors will take advantage of Telecom Italia's obligations (to provide a minimum service at a fixed rate to all customers, however inaccessible) by "cherry-picking" big corporate clients in the cities with aggressive pricing.

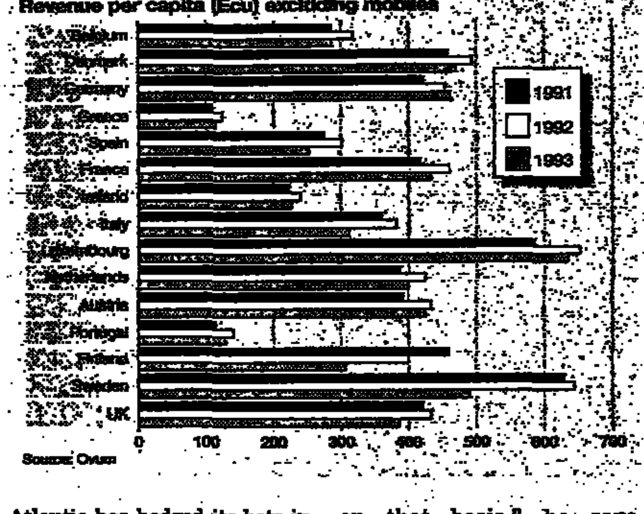
At the moment, the Italian parliament is unable to agree on a regulatory framework for utilities. Last week, IRI, the state holding company which controls the government's 61 per cent stake in Stet, was forced to acknowledge that a rapid sale of shares was out of the question while there was still uncertainty about the rules.

The behaviour of the competition seems to bear out Mr Pascale's concerns. International companies such as British Telecommunications, the UK telecoms operator, and its partner MCI of the US, and Cable & Wireless of the UK have all established operations in Italy and have begun to win clients from Telecom Italia. Omnitel Pronto Italia, owned by an international consortium headed by Olivetti, the Italian computer group, is planning to carve out a big share of the mobile telephone market as Italy's second operator of a digital cellular network, when its service is launched later this year. In the last month, Bell Atlantic, the US telecoms company, and BT, have both announced new joint ventures or agreements to challenge Telecom Italia in the Italian business services sector.

But, as the competing companies themselves point out, such ventures are mere dents in the state-controlled companies' dominant position. Bell Atlantic has hedged its bets in Italy by taking a stake in Omnitel, in Infostrada – a new company formed with Olivetti, the Italian computer group – and in a multimedia venture with Stet.

Italian telecoms: ripe for expansion

Revenue per capita (Ecu) excluding mobiles



Source: Ovum

Mr Alexander Good, chairman of Bell Atlantic International, points out that Telecom Italia still has the big advantage of being "facilities-based": it owns the fixed network. "They [Telecom Italia] are restricted by tariffs, and we aren't, but then we don't have the opportunity to be facilities-based. I don't think there's any way you could give Telecom Italia unrestricted tariffs on that basis," he says.

Stet and Telecom Italia are taking no chances, however. They are fighting on a number of fronts – through government committees, the courts, national and European anti-trust authorities – in an attempt to slow down liberalisation. "Uncontrolled deregulation would give an unfair advantage to some market operators, seriously harming clients," says Mr Pascale.

For rivals, these tactics are a source of constant frustration; for potential investors in the state-controlled companies, it is mainly positive. The longer Stet and Telecom Italia hold on to their dominant position in Italy, the better returns they are likely to offer shareholders.

Mr David Rogerson, a consultant with Ovum, the UK-based telecoms research group, points out that the Italian market is underdeveloped by comparison with the similar-sized British and French markets. "The degree of competition [in Italy] is likely to be less and the difference between where [the market] is today and where it could be in an idealised future is higher," he says.

In the meantime, Stet has time to search for a global partnership with which to hit back at the competition, and to buy into other developing telecoms markets in countries as diverse as Greece and Cuba.

Mr Pascale denies that Stet is running late in its search for a global partner, pointing out that the company is already in talks with IBM and others about possible links. In any case, he says Stet is not interested in "an image agreement", and believes some of the existing telecoms alliances may be too narrowly drawn.

"I think in certain agreements, the absence of a data processing partner will become a handicap," he says. "I think certain clients – for example, businesses – will soon want not only to outsource telecoms services, but also computer services. For this sort of agreement, you have to have clear ideas and not be in too much of a hurry."

What seems inevitable, according to analysts, is that the Italian market will continue to grow, possibly surpassing even Telecom Italia's expectations. The company has underestimated the demand for some of its services in the past. "We thought mobile telephones would be a niche market, and yet now there's almost a complete overlap with the fixed network," admits Mr Vico Gamberale, Telecom Italia's director-general.

It is easy to understand his amazement. Five years ago, nobody would have predicted that so many urban Italians would be prepared to spend more than L1m each for a gadget which enables them to keep in touch via a crackly and expensive line while walking the dog or shopping. Last year, however, Telecom Italia had to issue booklets on *telefonino* etiquette to deter users from receiving calls while at the opera, for example. In retrospect, the humble *gettone* never really stood a chance.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Gambia does not belong on roll call of sinister banks

From Mr Alan Thompson.

Sir, John Parry in "A mistaken act of faith" (Letters, April 18) talks about a trip to the bank in Banjul as a menacing prospect. I would like to ask: has Mr Parry himself recently been to Nigeria, Sierra Leone, or even perhaps to the Gambia, of which Banjul is the capital?

I cannot comment on Nigeria or Sierra Leone, having never been to those countries, but I do want to comment on the Gambia, which I *have* recently visited.

The country may be struggling to develop into a modern nation. Some, perhaps even many, of its population do literally still live in tin shacks. However, despite its recent political changes, the Gambia is a safe country to be in. After all, where else in the world can you safely leave your valuables unattended on the beach?

Whatever the Foreign Office may have recently said about the Gambia, it remains a safe country to visit. The country was ridden with corruption and the government ran the country as it chose, to its own advantage. The government even decided who went on to the electoral register.

The army there did the "only decent thing possible" at the time. It is nothing at all like a "military regime". They are now aiming to have a full democratic system in place within the next couple of years. To this end, the Gambia already has a council formed of professionals (lawyers, businessmen, etc), working as a steering group. If you want an enjoyable overseas stay, then I can certainly recommend the Gambia.

I think Mr Parry's inclusion of Banjul in his letter is completely uncalled for. He certainly needs to get his facts right. Perhaps a geography lesson may be a step in the right direction.

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Transatlantic trade ball awaits a kick

From Mr David Martin MEP.

Sir, Relations between the European Union and the US seem to be very much in the air just now. First Bruce Stokes' piece on trade relations between the EU and US ("How to set transatlantic ball rolling", April 19) and then the report ("US cool to Kinkel's Atlantic trade plan", April 20) which outlines the German foreign minister's proposal for the establishment of the Trans Atlantic Free Trade Area.

The European Parliament, through its membership of the transatlantic policy network, has also been doing some work in this area. Accepting Bruce Stokes' stricture that "idealistic international endeavours must be evolutionary and not revolutionary", I hold that we should be more idealistic, while sticking to an evolutionary path.

Europeans underestimate the degree to which the collapse of the common Soviet threat has weakened the political foundation of the transatlantic relationship, as well as Europe's vital interest in building a new and sustainable foundation for future political co-operation with the US to ensure global stability.

We need to create much stronger linkages between the political, economic and security interests of the EU and the US. We should attempt to achieve this by taking three historic steps:

- the transformation of the present Transatlantic Declaration (1990) into an economic and political treaty between the EU and US;
- the restructuring of Nato around a partnership between the US and an integrated European defence pillar;
- the linking of both these treaty-based partnership structures to a single transatlantic presidential summit process – at present there are two separate and distinct summits, one linked to Nato and the other to the mechanisms established under the Transatlantic Declaration.

However, as was pointed out in the article on Klaus Kinkel's proposal, the Americans are sceptical about Europe's sincerity and ability to deliver. The ball is squarely in the court of the European Union member states. If we are to play an important role in future world affairs we will have to take steps during the 1996 Intergovernmental Conference to further integrate political, economic, foreign and security policies within the EU. We must have the potential to act if our proposals are to be taken seriously.

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Stock market resistance reflects cable TV doubts

From J.M. Harper.

Sir, The Financial Times carried a realistic and sobering Lex comment (General Cable, April 20) about the difficulties the UK cable TV companies are encountering in raising *money on the stock market.* In the words of the Lex column: "There is a lot of hope built into all UK cable valuations."

The companies' experience appears to be confirming in a remarkable way the case I argued in my article "Riding tandem on the UK superhighway" (Personal View, August 12).

The stock market appears to share my doubts about the economics of creating such expensive competing infrastructure in an unproven market.

The business prospects of the industry, its chances of raising money, and – most importantly – the prospects for consumers would be greatly improved if all the competitors, BT included, were to co-operate in constructing a single modern network to carry conventional telecommunications, cable TV and information highway services.

The companies concerned could then use this network to compete with one another in the provision of existing services and in the promotion of new ones without the need for regulation.

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Alternative investment market nears deadline

From R.F. Riding.

Sir, Towards the end of winter, the London Stock Exchange conducted a series of roadshows to which representatives of companies whose shares are currently traded on the exchange under Rule 4.2 were invited. The purpose of these roadshows was to promote the new Alternative Investment Market (Aim). During the presentation many company representatives were concerned to learn that the current dealing facility would be withdrawn on June 19, the launch date for Aim.

At the roadshows, however, the transition arrangements for 4.2 companies to move to Aim were not available. We were told that it would be necessary to appoint a "nominated adviser" but no approvals of nominated advisers had then been made. Representations were made that the timetable was too tight and the withdrawal of the 4.2 facility on June 19 should be deferred.

Having heard nothing further, I enquired of the Stock Exchange as to whether the June 19 date had been put back. I am told the exchange's Smaller Companies Panel has reconsidered the matter but no deferral has been agreed.

It is now less than two months to the withdrawal date but transfer arrangements are unavailable and no nominated advisers have been approved. Does the exchange want to see an efficient market in the shares of smaller companies?

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FINANCIAL TIMES
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Wednesday April 26 1995

A victory for the sceptics

The Prime Minister's decision to welcome back into the Conservative fold the rebel MPs suspended for refusing to support the government's European policy was an act of surrender. The price paid for a veneer of party unity has been the clearest possible illustration of the government's weakness.

Seven of the nine rebels have taken back the Tory whip. At least one of the remaining two is expected to follow suit. The government, technically, has recovered its overall parliamentary majority. It has not restored its authority.

As they celebrated Mr Major's retreat, the rebels insisted no conditions had been placed on their return. No assurance had been given of their future support for the government. Although nominally once again members of the parliamentary party, they indicated they will continue to vote as they please on issues European. Mr Major, taunted yesterday in the House of Commons by Mr Tony Blair, remains a hostage to his party's Eurosceptics.

The MPs lost the whip five months ago for refusing to back legislation allowing higher British contributions to Brussels. The financing deal had been arranged by Mr Major himself at the Edinburgh summit two years earlier.

Not unreasonably, the foreign secretary and chancellor insisted the issue was once of confidence. If the government could not command the support of the House of Commons for what, in effect, was an international treaty, then they argued that it could not continue in office. When the Eurosceptics decided to defy the government even at the risk of triggering a general election, Mr Major could not do other than order their suspension.

Threat ignored

He insisted at the outset and many times subsequently that their return to the fold would depend on consistent support for the government. His threat was ignored. The rebels have gloried in their isolation. They have preached a mixture of anti-Europeanism and crude populism. Their visceral dislike of Brussels is not matched by any coherent alternative vision of Britain's place in Europe.

The best explanation offered for the climbdown is that, once it became clear they would not repent, there seemed little point in perpetuating the public division. The threat from others on the Eurosceptic right of the Tory party to mount an early challenge for the leadership after next week's local elections may also have influenced the timing of the decision.

Other potential rebels

It is hard, however, to see what Mr Major has gained. Other potential rebels will take the message that they can defy the government with impunity. Mr Richard Ryder, the chief whip, will find his attempts to maintain party discipline badly undermined. Some of his colleagues will not be surprised if Mr Ryder decides later this summer that the game is no longer worth the candle.

More serious than the impact on party management, however, is the potential effect on the UK position at the European Union's 1996 intergovernmental conference. Senior ministers on the committee preparing the government's negotiating stance for the conference insist they will put forward positive suggestions to improve the working of the Union.

But the risks of British isolation are real. Mr Major has ruled out any significant extension of majority voting or the granting of new powers to the European Parliament. The danger now is that, fortified by their latest victory, the hard-line sceptics will wield a veto on more modest advances in European co-operation. The demand of the rebels, echoed ever more frequently by other Tory MPs, is that the only acceptable outcome to the IGC is the repatriation to the UK of the sovereignty ceded at Maastricht. They insist on the rejection of any possibility of participation in a single currency.

Such a negotiating straitjacket would rob the government of influence at the conference. Other European leaders might well conclude from the outset that future advances should be shaped on the basis that the UK will anyway exclude itself. The rebels yesterday showed not the slightest hint of contrition for their open defiance of the government. The circumstances of their return may well make life more, not less, difficult for Mr Major.

Footloose traders

In the turbulent world of investment banking, the management defections at Salomon Brothers, the Barings fiasco and the apparent decline in the appeal of partnerships at Goldman Sachs might, at first sight, seem like unconnected events. Yet they all raise difficult questions about the structure of incentives in an industry where a badly designed remuneration package may prove damaging or even catastrophic for the owners of the business.

While not new, the problem has become acute as a result of the growth of trading activity in both commercial and investment banking. Individual traders can generate huge profits. They therefore demand huge rewards; and if those rewards are not forthcoming, they may defect. The risk is that banks end up seeking to cement the traders' loyalty by offering deals in which the trader has an incentive to incur excessive risk for the firm in pursuit of personal reward. In the absence of exceptionally good internal controls, the result can be lethal.

In a partnership structure, as at Goldman Sachs, the problem is reduced because all the partners want to avoid the personal loss that would arise if an individual's trading strategy goes wrong. Yet even with this highly effective control mechanism, the potential for loss remains. One consequence of huge past bonuses at Goldman Sachs is that able partners can also contemplate retirement just when younger people are questioning the merits of a partnership at a time of declining profits.

Bonus risks

In a conventional ownership structure, danger arises where profit-related bonuses are so big that the potential for personal reward outweighs any worry about being fired. Or, again, a trader who has already run up a big lossmaking position may feel that with the job already in jeopardy, nothing is lost personally by seeking to trade out of the position while saddling the firm with even more risk.

Barings appears to illustrate these points. Management was clearly reluctant to alienate a single, seemingly profitable, trader, Mr Nick Leeson. He was well aware of the power he derived from this. It seems likely, too, that his incentive package gave him an undue temptation first to take on big risks, then to adopt a double or quits strategy once his job was in jeopardy.

A further complication arises where profit-related bonuses are front-end loaded – with profits being taken before the risks are worked out. Once again, this is not a new problem. Incentives to bank employees which are related to the volume of their lending activity have contributed greatly to the decline in the quality of assets of some banks over the past two decades. The new twist is that front-end loading with derivatives such as swaps, futures and options can offer more direct rewards to the individual employee. The temptation to adopt short-term trading strategies in which big bonuses are taken up front while the risks remain on the firm's books is thus enormous.

Possible solutions

One obvious solution, which is already widely adopted by well managed banks, is to ensure that the revenues on which the traders' rewards are based are not recognised before all the risks in their trading contracts have fully elapsed. Another, suggested in the Financial Times by Professor Charles Goodhart of the London School of Economics, is to divide bonuses into two parts: one rewarding profitability at a relatively low percentage rate, the other reflecting the steadiness of profits over time.

Yet the devil is often in the detail. As Salomon's experience shows, it is hard, in attempting to bring traders' interests closer to the shareholders', to pull off this very delicate trick. If the new structure fails adequately to reflect the market value of individuals, they will defect. Moreover, Salomon's recent mixed performance, along with the more general fall in profits from proprietary trading in banking, suggests that earlier bonuses were too generous. That points to a need for greater realism about the real worth of individual traders. The number who consistently beat the market is less than current pay levels imply. A few defections may be a price worth paying when the industry cost base is excessive.

Grandsons of the yellow emperor

Kieran Cooke looks at the challenges facing the successful Chinese business families of south-east Asia

When Loh Boon Siew died at his home on the Malaysian island of Penang earlier this year, more than 10,000 people attended the funeral.

Mr Loh, a 78-year-old Chinese Malaysian, was part of an elite group of Chinese entrepreneurs in south-east Asia – hard-working, secretive and very wealthy. In many ways the passing of Mr Loh signals the end of an era. Having built, in the space of a generation, vast business empires, south-east Asia's successful Chinese families now face the task of keeping them.

As the region's economies have charged ahead, many Chinese businesses have expanded beyond their founders' dreams. Some have changed; others persist with the old management ways, with all decision-making resting with the patriarch. Sons, often educated overseas, are not always willing to make the same sacrifices as their fathers.

Mr Loh's rags-to-riches story is similar to that of many Chinese *towkays* or bossmen, in south-east Asia. He had arrived in Penang a penniless 12-year-old from southern China.

An illiterate all his life, Mr Loh used his business acumen to build a multi-million dollar empire that encompassed auto parts manufacturing, car dealerships, financial services, real estate and hotels in Malaysia, Singapore, Australia and New Zealand. To the end, Mr Loh kept his businesses firmly under his family's control. On the day he died he had been at his desk for 18 hours.

There are about 23m Chinese scattered through south-east Asia, making up less than 5 per cent of the area's total population. But the Chinese run most commercial life in the region. Nearly all come from the southern China provinces of Guangdong and Fujian.

The different dialect groups and families tended to congregate in certain areas: the Hokkien and Teochiu – mainly from Fujian province – went to Jakarta, Manila, Singapore, Bangkok and the cities of Indochina. Those from Guangdong went to Malaysia and rural parts of Thailand and Indonesia.

Mr Lee Kuan Yew, Singapore's senior minister, says the businesses of the overseas Chinese, at least half of them in south-east Asia, have immense resources which make up one of the world's great pools of capital. "The overseas Chinese network commands well over $500bn in assets," says Mr Lee.

Ms Lynn Pan, a Chinese who wrote about the overseas community in her book *Sons of the Yellow Emperor*, describes the typical business structure: "A son in Singapore, a brother in Hong Kong, an uncle in Manila, a cousin in New York, and various relations all over the globe."

Agreements are usually informal, written contracts rare. A phone call and the deal is done, the money sent from Hong Kong to Saigon, from Jakarta to Manila.

Mr Liem Sioe Liong, 78, the Indonesian-Chinese businessman generally acknowledged to be the richest overseas Chinese of all, is typical of the old breed of entrepreneurs. Mr Liem – he is also known by his Indonesian name of Sudomo Salim – arrived in Indonesia from southern China in the early 1930s, peddling peanut oil, then cloves. He now controls a business empire which stretches into virtually every corner of Indonesian life.

The Chinese make up only 4 per cent of Indonesia's population of 180m but are estimated to control about 70 per cent of the nation's economic activity. Mr Liem's companies – there are at least 300 of them in Indonesia – have an annual turnover of more than $10bn and account for about 5 per cent of Indonesia's gross domestic product.

The tentacles of the Liem empire now stretch round the globe. Mr Liem controls Singapore's biggest property company. Together with the Singapore government Mr Liem is involved in various multi-million dollar development projects in China. Mr Liem's Hong Kong holding company, First Pacific, has investments in satellites and telecommunications. It controls catering companies in the US and food processing plants in Australia. It also has a majority share in the Dutch Hagemeyer group.

From the beginning Mr Liem showed a shrewd ability at cultivating the right political contacts – a distinguishing feature of Chinese business throughout the region.

Mr Liem's close relations with President Suharto go back to the early 1950s when the Indonesian leader was an officer in the newly formed army to which Mr Liem was selling supplies. Today members of the Suharto family are shareholders and board members in many Liem-controlled companies.

But, for all its resources, the Liem group does face problems. Resentment in Indonesia about the economic power of the Chinese community is only just under the surface.

Chinese patriarchs: dominating regional business

Robert Kuok — Liem Sioe Liong

The Suharto era is coming to an end. Mr Liem is in danger of losing his patron.

Mr Liem now wonders where to invest his capital. Recently he came under strong criticism for multi-million dollar investments in his home province in China. "Where can I go?" asked Mr Liem. "If I invest abroad, they call it capital flight; if I invest in Indonesia they say I want a monopoly."

Then there is the question of the future management of the Liem empire. Mr Liem has given much of the day to day running of his businesses to Anthony, his London-educated youngest son who is now in his mid-40s. But the older Liem still makes the big decisions and shows no sign of retiring.

The old, secretive, family orientated, ways persist: Mr Liem is rarely seen in public and never gives interviews. Analysts of the group find information, even on the publicly quoted companies, hard to come by. Such Chinese groups are split into a bewildering array of subsidiaries and cross-holdings. Few outside the family have a clear indication of what is going on.

Chinese companies range from the timber businesses of Indonesia and Malaysia where the *towkay* or family head, though worth millions, wears a singlet or T-shirt, to the sophistication of groups such as Thailand's CP conglomerate (run by the Chinese-Thai Chearavanont family), Malaysia's Hong Leong group (headed by the Quek family) and the tobacco-based empire in the Philippines run by Filipino-Chinese Mr Lucio Tan.

All these conglomerates have holding companies with substantial resources offshore, usually in Hong Kong. These Asian Rockefellers and Rothschilds often co-operate, combining to mutual advantage their financial resources and their formidable political and commercial contacts. Mr Liem is especially close to Mr Robert Kuok, another legend in the overseas Chinese community.

The business interests of Mr Kuok, 71, include palm oil trading and refining, the Shangri-la hotel group, retailing, real estate and, a comparatively recent diversification, media – through his holdings in Hong Kong's South China Morning Post newspaper, and TVB, the broadcaster. Like Mr Liem, Mr Kuok made his initial fortune in commodities. Known as Asia's "Sugar King", Mr Kuok at one stage controlled 10 per cent of the world sugar market.

Like Mr Liem, Mr Kuok has cultivated high-ranking political contacts. He is on friendly terms with Fidel Castro, the Cuban president. A friendship with Mr Lee Kuan Yew goes back to their time at college together in Singapore. Mr Kuok dines with Dr Mahathir Mohamad, Malaysia's prime minister, and discusses economic development with President Jiang Zemin of China.

Although Mr Kuok has brought two of his children into the business there is no indication of what will happen to his empire in the future. Like Mr Liem, Mr Kuok is very secretive. "He does things alone. That's his trademark," says one of his Malaysian managers.

Ms Lynn Pan classifies the Chinese family organisation, in which the family head's authority is absolute, as an "immature stage of business development". She debunks the idea that the Chinese have a natural Midas touch: they have been successful in the way many immigrant groups are successful – through hard work, thrift and self-reliance.

Now the Chinese in south-east Asia are no longer immigrants. More than 90 per cent were born in the region. The overseas Chinese still possess vast financial resources. But it will not be easy for the younger generation of Chinese businessmen to emulate the achievements of the early pioneers, the Lohs, Liems and Kuoks.

Case for a new global monetary unit

PERSONAL VIEW

The world is faced with a dollar crisis. This is tantamount to a crisis for the international monetary system because the dollar is the most important currency for international transactions.

A succession of large current account deficits over the past two decades has turned the US into a net debtor to the tune of almost $700bn. The accumulation of vast dollar holdings outside the US during this period has brought with it a risk that confidence in the currency could be lost and a dollar crash triggered.

It may not be too late to put the dollar back on a firmer footing. But to achieve this, the US will have to reduce its fiscal deficit and increase savings and investment in productive capacity.

In the meantime, the dollar is beginning to lose ground as an international currency against its main rivals, the D-Mark and the yen.

The US currency will continue to play a central role in the American economic region. But in the Asia/Pacific region – where it has also traditionally held sway – the currency situation is in a state of flux.

While the dollar still prevails for the moment, it seems likely that a growing international role for the yen will gradually develop as the 21st century approaches. Much depends on what steps Japan takes to encourage this trend and how other countries in the region react to it.

Diversification away from the dollar is perhaps a logical and helpful step for emerging Asian economies as they come of age. This is because it would help them to avoid unfavourable repercussions arising from the dollar's instability and hence give them greater independence in their economic policy-making.

More importantly, such diversification will also contribute to a more stable international monetary system. This is because it will reduce the burden on the weakening dollar, enabling the US to concentrate on improving its competitive position. It should also promote better co-operation and policy co-ordination on equal terms between the nations responsible for the three main international currencies.

The free flow of capital between the world's three main economic regions is essential if optimum use is to be made of available international resources. But such freedom carries with it the risk that the international monetary regime may be destabilised.

The loose ad hoc co-operation of the G7 process is inadequate and needs to be improved

In these circumstances, it is vital for all countries issuing international currency to be made more aware of their responsibility to conduct economic policies that are sound internationally as well as domestically. These countries must set fiscal and monetary policy with a view to achieving a sustainable and stable level of growth domestically and in the world at large.

They must respond appropriately to changes in international conditions by adjusting and improving their macroeconomic policies, and by intervening in the market when this is necessary.

Closer policy co-ordination and economic convergence among these countries is also important. The loose ad hoc co-operation they now undertake as part of the G7 process involving the seven leading industrialised nations is inadequate and needs to be improved.

We should aim for some kind of flexible exchange rate band to try to limit excessive fluctuations between the three main international currencies. Any new regime on these lines would have to set fluctuation margins that are flexible and adjustable, and capable of accommodating big changes in economic fundamentals.

These structures should be backed up by a commitment by the administrations involved to co-ordinate monetary policy and market intervention to combat speculative capital movements.

With an eye on the longer term, it might be advisable to start thinking now about a new international monetary system based on an independent international currency, such as the Special Drawing Right.

The SDR does have one important weakness, however: it is an artificial unit created by the International Monetary Fund rather than a real monetary asset. It might therefore be necessary to create a new global monetary unit.

Reform of the IMF to give it broader responsibilities and make it the central authority of the new monetary system should also be considered.

This does not mean that the IMF should develop into a world central bank, but rather a regulatory authority for global monetary affairs, much as the World Trade Organisation is intended to act as the central pivot of the world trading system.

Yusuke Kashiwagi

The author is former chairman of the Bank of Tokyo and co-chairman of the Bretton Woods Commission

OBSERVER

Seconds out – Rocky's about

■ Renato 'Rocky' Ruggiero's appointment as director-general of the World Trade Organisation may have been delayed for four months by political squabbling between the US and the EU. But the former Italian trade minister, who takes over next Monday, has lost little time moulding the WTO secretariat so it can give him the team effort he says he wants.

Ruggiero has set up a three-man private office, managed by Evan Rogerson, a New Zealander who wrote speeches for Peter Sutherland, the departing WTO head. Rogerson will not, however, be formally *chef de cabinet*. Ruggiero hopes that gesture will help persuade the WTO's penny-pinching members he is running a tight ship – before he pleads for an increase in the organisation's skimpy SFr105m budget.

The other two are Claude Mercier, a Canadian WTO staffer who will handle policy planning, and David Woods, the British head of the organisation's information service. Woods' inclusion suggests Ruggiero, himself the European Commission's chief spokesman in the late 1970s, aims to boost the WTO's public profile.

Ruggiero is also reshuffling the responsibilities of his deputy directors-general, who will take turns standing in during his absence. The final line-up depends on whether a fourth deputy post will be created for Kim Chulsu, Ruggiero's South Korean rival for the top job. Kim was foisted on the WTO by Mickey Kantor, the US trade representative. Other governments, miffed by Kantor's move, have yet to approve the appointment.

And what is Sutherland up to? Word is that he has a couple of big jobs in his sights – one of which might take a while to become available.

Bubbles burst

■ In the endlessly tedious battle for global supremacy between Pepsi and Coke, both have taken something of a pasting in the latest Fortune 500 ranking of the largest (by sales) US companies. Pepsico has slipped five places to 20th position, while poor old Coca-Cola has positively collapsed, down 16 rungs to 48th. Things go better with, well, more or less anything else...

Homely run

■ After an eight-month strike, America's national game was back in business last night when the baseball season finally got under way. Despite disillusion created by the long lay-off, there will be plenty of excitement about the new season in Kissimmee, a small town a few hundred miles north of Miami. Kissimmee has a brand new baseball club, having lured the Osceola Astros from their upstate New York home.

The good folk of Kissimmee faced a dilemma over what to call their club, which plays in the minor leagues of baseball. Having rejected a string of suggestions – Kissimmee Cousins? Kissimmee Quicks? – the new owners settled on the alliterative if unoriginal Kissimmee Cobras.

Why change the name at all? Obviously the old Osceola moniker had to go; and who wants a team called the Kissimmee Astros?

Very high society

■ Observer loves all these mergers and acquisitions, they yield such wonderful opportunities for inventing new names. Take the earnest wooing in the UK of the National & Provincial building society by the bank, Abbey National.

We could end up with National & National, which would win hands-down for grandiosity. Or maybe Provincial Abbey, which could have tremendous marketing value when it comes to selling accounts to impecunious members of the Church of England. Somewhere an executive is undoubtedly pondering a simple acronym, though PAN (as in "going down the") would clearly never do.

Maybe a wholely new name would be best. Given the rumoured big sum Abbey may have to fork out to get what is one of Britain's smaller building societies, perhaps Largesse would fit nicely.

Small turnout

■ Spare a thought for Jacques Cheminade, who attracted a rather modest 0.3 per cent in Sunday's French presidential polls for his New Solidarity party. Critical press coverage prevented him winning more votes and helped explain the strong showing of the extreme right – according to Cheminade's own press release.

It adds that he is available to Lionel Jospin and Jacques Chirac, the finalists, to assess their willingness to back his ideas. Cheminade's doorway must be blocked with them fighting to get through.

Out of action

■ Brigadier-general Christian Delanghe, French chief of staff, recently gave a paper at Norway's Institute of International Affairs on contingency planning for multinational operations. Things sounded pretty bad: "In crisis management situations, the need for distant action is provided by deplorable forces."

More spot and pullish, that's the answer.

The Financial Times

100 years ago

The German Tariff Bill
The Reichstag today continued the debate on the Customs Tariff Amendment Bill. In the clause dealing with cotton seeds and their products, the Government proposal for a uniform duty of 10 marks for refined and raw cottonseed oil was adopted with a modification submitted by Herr Wender, imposing a duty of only 4 marks on cottonseed oil officially certified as having been artificially rendered useless for the purpose to which the oil is applied in its ordinary forms.

50 years ago

Austin Motor Company
To facilitate the production of motor vehicles to meet post-war demands the Austin Motor Company yesterday decided on an expenditure of £1,000,000 to be spent on new machinery, production equipment and constructional work at the company's Longbridge factory.

[The Longbridge factory is now part of Rover Group, a subsidiary of BMW]

FINANCIAL TIMES
Wednesday April 26 1995

National Front secures 97 of 112 seats declared

Mahathir heads for easy win in Malaysian poll

By Kieran Cooke

The coalition led by Dr Mahathir Mohamad, Malaysia's prime minister, was heading for a landslide victory last night as votes were counted in the country's general election.

With 112 of the 192 parliamentary seats declared, the 14-party National Front had won 97 seats, ensuring a simple majority, the Democratic Action party 7 and the Sabah Unity party 8.

Early indications were that the National Front would control well over two-thirds of the seats in the recently enlarged lower house in parliament.

Dr Mahathir, prime minister for the last 14 years, had campaigned on the economic benefits *his administration had brought* to the country. Malaysia's economy has grown by more than 8 per cent in each of the last seven years and per capita incomes of the country's 20m people have been rising rapidly.

Opposition parties, which had attacked alleged widespread corruption in Dr Mahathir's administration, complained they were given little or no media access throughout the election campaign. They also said constituency boundaries were drawn heavily in favour of the National Front.

Mr Lim Kit Siang, leader of the opposition Democratic Action party had described the election as the most unfair and unclean in Malaysia's history.

The DAP had concentrated much of its effort on the economically dynamic state of Penang where it hoped to gain control of the state assembly. However, the *National Front swept* to power in Penang, although the DAP did retain one parliamentary seat.

In the aftermath of the election, attention will be focused on a much talked about shake-up of Dr Mahathir's cabinet. Mr Anwar Ibrahim, the 45-year-old deputy prime minister and finance minister, has made no secret of his desire to succeed Dr Mahathir. However, Dr Mahathir, who is 70, has given no indication that he wants to step down, and political analysts say he might move Mr Anwar from the finance portfolio in order to lessen the powers of his deputy.

There is also speculation about Mrs Rafidah Aziz, minister of trade and industry. Mrs Rafidah, known for her outspokenness, has been a vigorous campaigner for inward investment into Malaysia.

However, the trade minister has recently fallen under a political shadow after her admission that she chaired a meeting at which more than a million heavily discounted shares were allocated to her son-in-law.

UK economic data boost prospects for early rate rise

By Gillian Tett,
Economics Staff, in London

The prospects of an early increase in UK interest rates rose yesterday with the publication of official figures showing that the economy is growing faster than expected.

The data startled the City and *boosted expectations that* Mr Kenneth Clarke, the UK chancellor, and Mr Eddie George, governor of the Bank of England, will raise rates from their current level of 6.75 per cent when they meet next week.

Nevertheless, a breakdown of yesterday's government figures suggested that growth remains patchy, especially among consumers. This impression was confirmed *by a separate economic* report published by the Confederation of British Industry, the employers' body, showing exporters were performing better than companies supplying domestic markets. So, Mr Clarke, who is meeting Mr George the day after local elections in England and Wales, will face a finely-balanced political and economic decision.

The Central Statistical Office yesterday said that the UK economy expanded by a seasonally-adjusted 0.8 per cent in the first quarter of the year, compared with the last three months of *1994, according to preliminary* estimates.

This was the same rate of expansion as the previous quarter, but slower than the spurt of growth last summer – a spurt that triggered last autumn the first of the three recent interest rate rises. On an annual basis, the economy expanded 3.9 per cent – or a slightly slower rate than at the end of last year.

The figures for the economy without North Sea oil and gas sector caused even more surprise since it showed a slight acceleration in growth between the quarters.

City economists and government officials had mostly assumed that growth was slowing on a quarterly basis, not least because retail sales and manufacturing output has eased in recent months. But the CSO yesterday pointed out that despite the slow down among retailers and manufacturers, the service sector had continued to expand strongly in *the last quarter, accounting for* about 85 per cent of the overall growth. Since monthly data on the service sector is sparse, this strong performance had not been detected by economists.

The Treasury yesterday welcomed the data as evidence that the economic recovery was neither overheating or collapsing. Although the annual rate of GDP growth remained above its recent trend – *implying that it may not* be sustainable in the long term – there were now signs that growth was slowing, officials said.

Nevertheless, the data left several City banks revising their interest rate forecasts.

Chinese airline seeks to set up HK base

By Louise Lucas in Hong Kong

China's national airline has taken the first step towards setting up an airline based in Hong Kong, in a potential challenge to Cathay Pacific's position as the territory's flag carrier.

Cathay claims the move by the China National Aviation Corporation, if completed, would breach the spirit of the Sino-British Joint Declaration on Hong Kong and calls into question the viability of the declaration and the territory's basic law.

Mr Nick Rhodes of Swire Pacific, which controls Cathay, said: "We see this very much as a question of how the Hong Kong government and Chinese government will interpret the wording of the joint declaration, and the spirit of that declaration.

"If they do get the routes – there are still too many ifs and buts – the obvious implications as to the interpretation of the joint declaration goes well beyond just aviation and Cathay Pacific in Hong Kong."

Under the declaration, which covers issues spanning Hong Kong's reversion to Chinese rule, an airline running scheduled flights originating from Hong Kong must have the territory as its principal place of business.

Interpretation of the declaration and the Basic Law, Hong Kong's post-1997 constitution, has already sharply divided Britain and China.

CNAC is wholly owned by the Chinese government and its shares are controlled by the Civil Aviation Administration of China. CNAC's bid comes at a time of poor Sino-British relations when almost any related matter is seen as grist for the political mill.

The Swire group has so far avoided political disputes. Swire Pacific has maintained good relations *with mainland Chinese* authorities and has close ties with the state investment company, Citic, and with CNAC.

CNAC applied to Hong Kong's civil aviation department for an air operator's certificate on March 29.

Swire claims CNAC's ambitions may run aground over the "principal place of business" test. The Hong Kong government said it was too early to say whether CNAC would satisfy the requirement. Its initial application, simply a certification of competence to run an airline safely, will take six to eight months to process.

However, it is understood CNAC plans to press on in a bid to secure permission to compete for some of the international routes which are now the preserve of Cathay Pacific. Mr Hu *Yilin, CNAC's deputy general* manager in Beijing, said the airline had told Swire it is not necessarily planning to operate extensive international services from Hong Kong.

THE LEX COLUMN

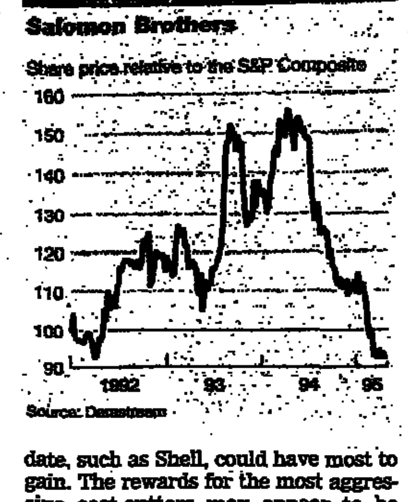
Salvaging Salomon

Yesterday's results from Salomon underline the difficulties besetting the firm. The investment bank did move back into profit in the first quarter, after a disastrous 1994 when it lost \$831m before tax. But Salomon's client-driven business still lost \$179m. Under a controversial compensation scheme unveiled last October, staff in the client-driven side suffer big pay cuts unless profits are good. Given the poor results, it is hardly surprising that top employees are defecting.

The idea that staff should not *receive fat bonuses when their business* is losing money may seem sensible. Too often in investment banking, employees scoop the pool leaving little for shareholders. The snag is that even though the client-driven side as a whole is losing money, the best staff still have good reputations and are not prepared to hang around on deflated salaries. Rival firms have been happy to poach them.

Though the defections will be damaging, Salomon is likely to struggle on in something like its present form. Its franchise is still strong, giving it a base from which to rebuild. Contrary to speculation Salomon seems unlikely to be taken over by a commercial bank with securities ambitions. The firm, with its aggressive trading culture, would be hard to manage even by the industry's taxing standards. Moreover, a potential purchaser would wonder why it should buy the whole firm when it can easily pick off individuals.

FT-SE Eurotrack 200:
1392.6 (+12.1)



Oil companies

US oil companies' strong first-quarter performance has as much to do with cost-cutting as firmer oil prices. Tough rationalisation plans – Amoco, for example, pledges to eliminate 3,800 jobs and take out \$600m in annualised costs by year-end – suggest oil company profits may continue to outstrip expectations. Meanwhile, the broader *business outlook appears* favourable. Oil prices are higher, US gas prices have bottomed out, and strong chemical earnings look set to plateau rather than plummet.

BP and Shell are even better placed than their US peers. They benefit from stronger European gas prices, and are less exposed to US refining, which has underperformed a grim global refining market due to the costs of meeting more stringent environmental standards.

The difficulty lies in prophesying the relative impact of cost-cutting. Those companies least successful to date, such as Shell, could have most to gain. The rewards for the most aggressive cost-cutters may appear to be waning. Exxon, which led the pack, saved \$900m in 1992, \$750m in 1993 and \$350m in 1994. But strong first-quarter results suggest savings this year could reverse that declining trend.

The good news is it may be hard for investors to go too far wrong. The priority given to cost-cutting across the industry has fostered more aggressive management. Even if oil prices do not soar, and refining margins fail to improve, the stage is set for a good year for the oil majors' shares.

US healthcare

A single speech by the chief executive of US Healthcare has triggered a brutal downgrading of the entire health maintenance organisation (HMO) sector. Mr Leonard Abramson's warning of increased price competition among US HMOs – brokers between buyers and sellers of healthcare – was worrying but not unexpected. After all, most big corporations now use *HMOs* to manage their employees' healthcare and they are increasingly demanding discounts for their custom.

Rather, the real shock from Mr Abramson was that his company was struggling to control costs. Two smaller HMOs, John Alden Financial and United Wisconsin, had expressed similar concerns earlier this month. But if US Healthcare, one of the biggest and most efficient HMOs, is *suffering a margin squeeze caused by falling* prices and rising costs, then the implications for the rest of the sector are significant. In the last week, US Healthcare shares have fallen 30 per cent. The rest of the sector has followed, though to a lesser extent.

One response to the *testing environment* may be further consolidation in the sector: larger HMOs have already scented the opportunity to generate earnings growth by buying smaller brethren. This gives them the chance to strip out overheads and operate over a bigger area. However, the Justice Department has expressed concerns about such takeovers, fearing cartelisation of the industry, and the deals may in any case be difficult to fund given the lowly rating accorded to HMOs' shares. HMOs are going to find it hard to regain earnings momentum.

BAT Industries

It has been a good week for shareholders in the UK's two tobacco companies. First, there was the Rothmans bid, and now an extremely breezy statement at BAT Industries' annual general meeting. It has become apparent that what was supposed to be a dying industry is in fact growing, even in the world's increasingly health-conscious developed markets. Meanwhile the former communist bloc offers substantial potential, albeit at lower margins.

Of course, the developed markets remain difficult, as demonstrated by RJR Nabisco's announcement of a 12 per cent decline in tobacco sales in the US in the first quarter. But BAT is faring well in a flat US market, with its GPC brand overtaking Winston as the second best selling brand. In addition, RJR's financial weakness makes it unlikely to risk another price war to reverse dwindling sales.

BAT's profits this year will be boosted by the impact of newly-acquired American Tobacco, where it is on target to achieve \$200m a year cost savings. And Brazil should generate a £40m turnround in the first quarter alone. On profit forecasts for 1995, the shares are trading at a 20 per cent discount to the average market price-earnings ratio. By comparison, Rothmans is being bought out by Richemont at a 17 per cent premium to the market average. BAT has the additional risks of litigation in the US. But the differential between the valuations appears over-done, particularly given BAT's 6.7 per cent prospective yield.

See additional Lex comment on Sears, Page 21

G7 meeting

Continued from Page 1

markets more flexible. But there was much the US should do. The dollar was weighed down by the Mexican crisis, the persistent US balance of payments deficit, America's net debtor position, its low savings ratio and talk of tax cuts.

Earlier Mr Hans Tietmeyer, German Bundesbank president, *warned the big industrial countries* against attacking the symptoms of currency turmoil rather than the underlying causes and urged them not to set up target zones for the major currencies.

Kremlin seeks halt to war

Continued from Page 1

Russian soldiers fighting in the Caucasus.

At earlier moments during the Chechen conflict, public promises by Mr Boris Yeltsin, the Russian president, to stop bombing raids on Grozny, the Chechen capital, appeared to be violated by Russian forces hours after they had been made.

It could be particularly difficult for Russian forces to obey a presidential moratorium if Chechen separatists, who have vowed to fight to the death, seek to take advantage by launching an attack on Russian soldiers.

Although Chechen rebels have been largely pushed into mountain areas of the republic, Russian military officials have warned that they could have the resources to mount a long-running partisan war against Russia.

Mr Dzhokhar Dudayev, the Chechen president and leader of the military resistance, appears *to have successfully eluded Russian* efforts to capture or kill him and earlier this month was interviewed by Ukrainian journalists in an unspecified hide-out in Chechnya.

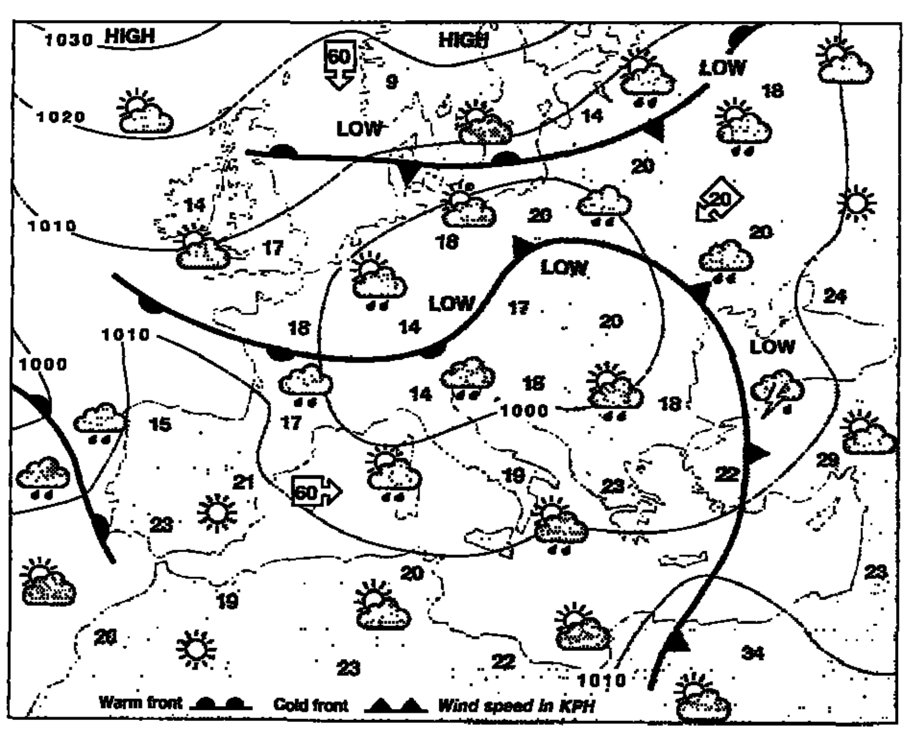
FT WEATHER GUIDE

Europe today

The air flow between high pressure near Iceland and Greenland and a complex low pressure system over the Alps will be responsible for widespread easterly winds and abnormal conditions in much of Europe. Northern sections will be warm and sunny but the south will be cool and wet. The depression over central Europe will produce heavy rain and cool north-westerly winds across France. Germany and the Benelux will have occasional rain and thunder showers. Italy, the Balkans and northern Greece will be changeable with numerous showers. Southern Greece, Turkey and Cyprus will have thunder showers. Spain and Portugal will be cool with cloud in the north and sun in the south.

Five-day forecast

Western Europe will have two more sunny days with only isolated showers. During the weekend, high pressure in the north will weaken while low pressure over the Atlantic will slowly strengthen. This will result in more changeable conditions. Low pressure in central Europe will move north-east bringing more rain to eastern Europe. High pressure will promote sunny and warm conditions in the Mediterranean.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	fair	22	Caracas	fair	30	Faro	sun	18	Madrid	sun	18	Rangoon	fair	35
	Celsius		Belfast	fair	14	Cardiff	sun	17	Frankfurt	thund	19	Majorca	sun	17	Reykjavik	cloudy	5
Abu Dhabi	shower	32	Belgrade	shower	18	Casablanca	fair	20	Geneva	rain	16	Malta	sun	18	Rio	fair	25
Accra	thund	32	Berlin	fair	20	Chicago	rain	18	Gibraltar	sun	19	Manchester	fair	15	Rome	cloudy	17
Algiers	fair	18	Bermuda	fair	22	Cologne	thund	18	Glasgow	sun	13	Manila	cloudy	33	S. Frsco	sun	17
Amsterdam	fair	19	Bogota	cloudy	20	Dakar	fair	25	Hamburg	fair	19	Melbourne	fair	19	Seoul	fair	22
Athens	sun	22	Bombay	fair	32	Dallas	fair	29	Helsinki	fair	9	Mexico City	fair	25	Singapore	fair	31
Atlanta	fair	24	Brussels	thund	18	Delhi	fair	33	Hong Kong	fair	27	Miami	fair	29	Stockholm	cloudy	8
B. Aires	fair	26	Budapest	shower	15	Dubai	fair	29	Honolulu	cloudy	28	Milan	rain	14	Strasbourg	rain	16
B.ham	fair	16	C.hagen	fair	14	Dublin	fair	14	Istanbul	shower	22	Montreal	fair	12	Sydney	fair	24
Bangkok	fair	36	Cairo	sun	34	Dubrovnik	shower	15	Jakarta	fair	32	Moscow	cloudy	17	Tangier	fair	20
Barcelona	sun	16	Cape Town	fair	18	Edinburgh	fair	10	Jersey	cloudy	11	Munich	rain	15	Tel Aviv	fair	28
									Karachi	fair	34	Nairobi	fair	29	Tokyo	fair	18
									Kuwait	fair	31	Naples	shower	16	Toronto	fair	12
									L. Angeles	fair	20	Nassau	fair	29	Vancouver	fair	16
									Las Palmas	fair	22	New York	fair	17	Venice	shower	14
									Lima	cloudy	25	Nice	fair	17	Vienna	shower	17
									Lisbon	rain	17	Nicosia	sun	25	Warsaw	thund	19
									London	fair	19	Oslo	rain	8	Washington	sun	20
									Lux.bourg	thund	16	Paris	thund	18	Wellington	fair	18
									Lyon	rain	17	Perth	fair	26	Winnipeg	fair	12
									Madeira	fair	20	Prague	shower	18	Zurich	rain	13

FINANCIAL TIMES
COMPANIES & MARKETS

Wednesday April 26 1995

IN BRIEF

RJR hit by 13% fall in cigarette sales

Shares in RJR Nabisco, the US tobacco and food group, fell in New York yesterday after the company produced a 15 per cent fall in earnings pushed down by a fall in worldwide cigarette sales of 13 per cent. Page 16

Deterioration continues at Kmart
Kmart, the ailing US discount store group, has provided further evidence of its financial difficulties by halving its quarterly dividend and warning of a loss for the first quarter to April. Page 17

Salomon beats forecasts with $81m
Salomon, parent of the troubled Salomon Brothers investment bank, announced first-quarter earnings 23 per cent up on the same period in 1994. Page 17

Tenneco posts sharp advance
Tenneco, the Houston-based conglomerate, said net income from continuing operations in its first quarter rose to $153m, up sharply from $80m, in the same quarter in 1994. Page 17

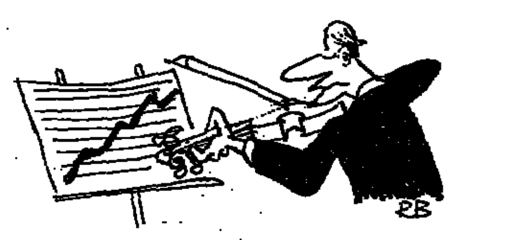
Mainframe revival lifts earnings at Amdahl
A strong revival in demand for mainframe computers, once considered to be the "dinosaurs" of the computer industry, helped more than double Amdahl's first-quarter earnings. Page 17

Nortel shares slip despite strong first-term
Northern Telecom, the Canadian telecommunications equipment maker, posted strong growth in first-quarter earnings, due to rising sales in most parts of the world. Page 17

Nedcor to restyle its Perm
Nedcor, the South African financial services group, plans to restructure its Perm Building Society subsidiary into two banks which will focus on introducing and developing banking services in the country's poorer communities. Page 19

Sears up 11% but warns of surplus
Sears, the UK's largest multiple speciality retailer, beat expectations with an 11 per cent increase in annual pre-tax profits but of warned stock surpluses later in the year. Page 21

Instruments behind Boosey & Hawkes' rise



Pre-tax profits at Boosey & Hawkes, the UK music company, rose by 16 per cent last year, driven by a strong performance from its instrument manufacturing division. Page 22

UBS granted important in Stockholm
Union Bank of Switzerland has been granted full membership of the Stockholm Stock Exchange, marking an important step in the integration of Europe's capital markets. Page 24

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Altana	715	+	16.5
Bay Hypo Bank	362.8	+	7.8
BMW	699.5	+	15.5
Douglas Hldg	492	+	13.5
Ind Werke	285	+	8
Karstadt	588.5	+	15.5
NEW YORK ($)			
Rises			
Compaq	38¾	+	1⅜
Harsco	48⅛	+	2⅝
La Quintas	28⅝	+	2⅛
Motorola	55⅝	+	1⅝
Falls			
Acadiana Pet	40¾	−	2⅝
RJR Nabisco	26¼	−	1
LONDON (Pence)			
Rises			
MR Data Mgmt	91	+	6
Ransomes	51	+	5
Scott Pickford	38	+	7
Falls			
Copymore	165	−	25
Cray Elect	73	−	6
Tottenham Hspr	124	−	8
TORONTO (C$)			
Rises			
Cognos	28¼	+	1⅛
Dundee Bancp	11⅜	+	⅜
PC Docs	13⅜	+	1⅛
Falls			
Crestbrook	21	−	⅜
Goldcorp	12⅛	−	2
Trimark Fin	48	−	2

PARIS (FFr)			
Rises			
AGF	171	+	6
Cred Lyon (CI)	254.5	+	11.1
Eurafrance	1492	+	52
Geophysique	320	+	17.5
Paris Reescmpt	370.9	+	18.9
Valeo	280.9	+	10.7
TOKYO (Yen)			
Rises			
Hino Motors	605	+	35
Kisshinbo	835	+	25
Okuma	740	+	21
Seibu Railway	3390	+	200
Zexel	619	+	25
Falls			
Orix	2850	−	150
HONG KONG (HK$)			
Rises			
Hoi Sing	0.68	+	0.14
Hop Ying Intl	0.53	+	0.1
Leading Spirit	1.38	+	0.11
Shanghai Erwin	6.3	+	0.5
Falls			
Beijing Dev	2.15	−	0.45
Li & Fung	5.0	−	0.5
BANGKOK (Baht)			
Rises			
Bangkok Paint	36	+	3
Jalaprathan	72.5	+	6.5
Songkla Cane	44	+	4
Falls			
Precious Ship	240	−	20
Seafresh Inds	115	−	10
Interlife Ins	72	−	8

New York and Toronto prices at 12:30.

Hoechst soars 94% in first quarter

By Christopher Parkes in Frankfurt

Hoechst reported an unexpectedly large 94 per cent leap in first-quarter pre-tax profits, spurring a burst of optimism yesterday about earnings prospects for the German chemicals sector.

Frankfurt's Dax index, already benefiting from the improved mood on Wall Street, jumped as the market concluded that Bayer and BASF in particular could be counted on to turn in good results. The Dax closed up 30.78 at 2,005.99, with Hoechst gaining DM3.40 to DM294.60.

A 9 per cent rise in volume sales plus an average increase of 7 per cent in product prices pushed group turnover up 8 per cent to DM13bn ($9.49bn). A 10 per cent increase in deliveries to the domestic market confirmed earlier indications that the foreign-led recovery was consolidating on a broader front.

Pre-tax profits of DM984m, against DM506m in the 1994 quarter, showed no apparent slackening in the progress recorded overall last year, when pre-tax earnings rose 80 per cent to DM2.2bn.

Mr Jürgen Dormann, chairman, said that without currency swings, group turnover in the first three months would have been [another] 8 per cent higher. Hoechst was advancing on all fronts, and he expected the "pleasing" profits progress to be maintained.

An interim report, published yesterday at the annual meeting, said the group expected demand for chemicals to stabilise at high levels. Raw material costs were still tending upwards, and Hoechst would adjust its selling prices accordingly.

Currencies were an uncertain influence, although the spread of group interests would help compensate. Analysts also pointed out that the strength of the D-Mark would certainly benefit the impending purchase of US pharmaceuticals group, Marion Merrell Dow.

Mr Dormann stressed that worldwide expansion of the pharmaceuticals business was one of his main aims. Agricultural and industrial chemicals were the other main areas of focus.

Reviewing the first quarter, he said group sales in Europe had risen by a good 11 per cent – including a 10 per cent improvement in Germany. In spite of the dollar's weakness, US turnover climbed 3 per cent in D-Mark terms. Pharmaceuticals benefited from improved demand in the most important European markets: Germany, France and Italy. Chemicals and special chemicals had been helped by higher selling prices, and the AgrEvo majority-owned plant protection business improved sales in all important markets.

Analysts said the result implied a higher percentage rise in first-quarter profits at BASF, which was likely to have benefited more from dollar-denominated raw material import prices. Bayer was expected to show a less dramatic improvement.

Sandoz sees strong year, Page 16

Lion King success is the pride of Disney

By Tony Jackson in New York

The Lion King continues to roar for Walt Disney. The record-breaking success of the cartoon film was the main factor behind a 27 per cent jump in net income in the first quarter, to $316m. Earnings per share, further boosted by stock repurchases, were up 33 per cent at 60 cents.

The Lion King has produced revenues of about $1bn to date, with box office sales worldwide at $730m and US sales of the video running at about $250m. There has been further substantial revenue from sales of its music and merchandising of its characters.

The video is likely to be released internationally in the run-up to Christmas 1995, with unit sales projected to reach 50m worldwide against 26m to date.

Operating income from films rose 92 per cent to $307m in the quarter, on sales up 41 per cent at $1.6bn. Besides *The Lion King*, Disney said this was due to the continued box office success of such films as *Pulp Fiction* – released by its Miramax subsidiary – and *The Santa Clause*, and to world video sales of its cartoon classic *Snow White*. Disney's next full-length cartoon, *Pocahontas*, is due for release in the US in early summer.

Disney's theme parks, excluding Euro Disney, showed double-digit growth in attendance in the quarter, with operating income up 20 per cent at $182m on sales up 11 per cent. Disney said it expected continued strong growth in 1995, with overseas visitors attracted by the weak dollar. Domestic business would be helped by new attractions such as the Twilight Zone Tower of Terror at Disney World in Florida and the Indiana Jones Temple of the Forbidden Eye in California.

Profits from consumer products, which include merchandise sales, were up 20 per cent at $117m on sales up 33 per cent. This chiefly reflected licensing of characters from *The Lion King*, though another factor was the expansion of Disney Stores.

Disney's share of Euro Disney's operating loss for the quarter was $33m, against break-even the year before. Interest charges were $44m, compared with interest receivable of $8m, partly because of the costs of the stock buyback. Disney is in the course of buying back 100m shares, which at yesterday's price of $55⅝ – unchanged on the day – would cost some $5.5bn.

The downturn has thrown up some structural stresses, reports **Antonia Sharpe**

Eurobond market shows signs of wear and tear

The severe downturn in the eurobond market, the world's largest capital market, is putting pressure on eurobond houses to change the way they do business in order to restore their profitability and credibility with investors.

Since its inception in the early 1960s, the eurobond market, which is effectively a large pool of stateless money, has become an important source of funding for governments, international agencies and companies. By issuing eurobonds, they can raise large amounts of money quickly and in a variety of currencies and maturities. In addition, with complicated "swap" operations, they can achieve much lower funding costs than in their domestic bond markets.

Even though arranging eurobond issues for borrowers has never been very profitable because of fierce competition and high overheads, a presence in the eurobond market has been important to commercial and investment banks with international ambitions. They have been willing to put up with the high cost of running a primary eurobond operation in order to reap the profits of trading the eurobonds in the secondary market and to feed business to other divisions such as foreign exchange or derivatives.

Issuing eurobonds is also a cyclical business because of the dependence of the market on the underlying government bond markets. If a borrower wants to issue eurobonds denominated in D-Marks, for example, the interest rate it has to pay is calculated as a margin or "spread" over the yield prevailing in the German government bond market.

When government bond markets turned bullish in late 1992, fuelled by falling interest rates, issuance in the eurobond market took off. The volume of new issues rose to more than $400bn in 1993 as borrowers sought to raise funds at historically low rates and investors were eager to make quick profits or pick up extra yield.

Eurobond houses profited from the increase in volume and could sell even the most aggressively-priced deals.

In February 1994 the rise in US interest rates signalled an end to the bull run. As investors were not willing to buy even the most generously-priced deals, the lead managers had to fund the cost of keeping the bonds on their own books, often at great expense.

During previous downturns in the eurobond market, banks could afford to subsidise losses in their primary eurobond operations because they were making excessive returns in other areas such as proprietary trading, emerging markets or structured products. But this downturn is much tougher with few areas of capital markets making profits.

To make matters worse, competition to win mandates is intensifying as more banks enter the business and existing eurobond houses seek to maintain their market position. So far, only SG Warburg, the UK investment bank which pioneered the market, has retrenched.

Some houses are even doing deals for reduced or no fees. In February, Nomura, the Japanese securities house, arranged, for nothing, a $500m deal for the US Student Loan Marketing Association.

As eurobond firms persist in arranging deals at spreads which do not appeal to investors, the business has become unprofitable for most. Furthermore, the selling structure of the primary market, called the fixed-price re-offer mechanism, is failing after serving the market well since 1989.

This system ensures that all syndicate members sell the eurobonds at the same price until the lead manager which has arranged the deal is satisfied that a large proportion is placed. Then the bonds are freed to trade in the market.

Because deals are brought to market at such aggressive terms, members of the underwriting syndicate often find that they cannot sell the bonds at the fixed price. Rather than tie up their own capital, they sell them back anonymously to the lead manager via a broker. This means that the lead manager ends up holding the bonds which it had allocated to the syndicate but has to pay fees to syndicate members who have not done their job. As most of the deal has not been placed in firm hands, the price of the bonds falls when they start to trade.

Investors are reluctant to buy bonds when they are first issued, knowing that by waiting for a few days or even hours, they can buy them cheaper.

Mr Hansgeorg Hofmann, management board member of Dresdner Bank, says this practice has taken away the market's credibility. "If houses do not want to support the deal they should not enter the syndicate."

But houses are often reluctant to refuse to join a syndicate for fear of jeopardising their relationships with the borrower or the lead manager. As a result, other systems are being devised.

Houses kept in order

Top 20 lead managers of all international bonds
(Jan 1 1995 – April 24 1995)

		Value $bn	Issues	% share
1.	Merrill Lynch	8.45	41	6.87
2.	Swiss Bank Corp	7.52	48	6.12
3.	CS First Boston/Credit Suisse	7.27	42	5.91
4.	Deutsche Bank	7.02	25	5.71
5.	JP Morgan	6.59	37	5.36
6.	Banque Paribas	5.30	35	4.31
7.	Goldman Sachs	5.25	26	4.27
8.	Morgan Stanley	4.48	38	3.65
9.	Nomura Securities	4.29	41	3.49
10.	Union Bank of Switzerland	3.83	27	3.11
11.	Industrial Bank of Japan	3.74	15	3.04
12.	ABN Amro Hoare Govett	3.50	23	2.85
13.	Daiwa Securities	3.40	24	2.77
14.	Lehman Brothers	3.05	18	2.48
15.	Salomon Brothers	3.03	16	2.47
16.	Barclays de Zoete Wedd	2.99	21	2.43
17.	HSBC Group	2.93	19	2.38
18.	Nikko Securities	2.64	19	2.15
19.	Commerzbank	2.28	11	1.86
20.	Dresdner Bank	1.80	9	1.46

Volume

	1993		1994		1995*	
	Value $bn	Issues	Value $bn	Issues	Value $bn	Issues
All issue types	442.86	2,595	423.65	3,059	122.99	803

Source: Euromoney Bondware — *To April 24 1995

Mr Michael Dee, executive director at Morgan Stanley, which introduced the fixed-price re-offer system, suggests two solutions: to allocate bonds from a new issue only to houses that have actual demand, perhaps with a "flexible allotment" system whereby houses get the number of bonds they have demand for; or the lead manager could set up a selling group of non-underwriters which would only earn a fee on the bonds they sell.

Some houses would like borrowers to play a part in restoring order to the primary market but the message from big borrowers is a clear 'No'. "It is not the first time that the market is facing a modification of its system," says an official at the European Investment Bank, the biggest borrower in the eurobond market. "The lead manager has to have the responsibility for the syndicate."

Although there are signs that lead managers are choosing to have smaller syndicates, observers believe that the number of eurobond houses will fall. An official at the Swedish National Debt Office, the second biggest borrower, says: "By fewer houses, I don't mean a couple. Competition should not diminish."

Barry Riley

Equities need time to cope with inflation

Average inflation in the industrial countries is beginning to creep up again, according to the IMF this week. In the UK, headline inflation has reached 3.5 per cent, the highest for 30 months, although the figure exaggerates the underlying trend. As for the US, inflation is steady at just under 3 per cent but there are concerns that the closing of the output gap will soon bring a price acceleration.

Where does this leave the securities markets? The conventional wisdom has it that inflation is bad for bonds, but equities provide a hedge. In the long run that is certainly true, but the response to a sudden acceleration of inflation might be a different matter.

Thus a new research paper from Mr Roger Barker and Mr Tim Brown of UBS finds that UK real annual equity returns have been negatively correlated to inflation, albeit without any simple pattern.

A similar conclusion emerged from the annual BZW Equity-Gilt Study this year, covering the London stock market all the way back to 1918. In years of rapid inflation equity yields have tended to be high – around 6 or 7 per cent – whereas yields have averaged just over 4 per cent (as at present, in fact) with low inflation.

Higher yields imply lower returns because the shift has to be brought about by a fall in share prices and therefore a period of weak total returns. The 1970s was a decade notorious for low real returns and high inflation: in the US, for instance, stock market annual real returns averaged minus 1.7 per cent, with inflation at an average 7.4 per cent, whereas in the 1980s the real return was plus 7 per cent against inflation of 5.1 per cent.

In spite of the particularly adverse experience of the 1970s, studies of longer-term equity returns, over periods of five years, show that on this timescale there is a positive correlation with inflation.

But why do yields on a real asset class have to go up when inflation rises? In theory (and, in the long run, in practice) dividends are inflation-proof, so inflation should have no impact on share prices in real terms. You might even expect that equity yields would *fall*, because other assets – notably bonds – became less attractive. And curiously, the BZW study shows that the highest equity yields of all have been experienced during periods of disinflation – a reflection, perhaps, of the way bond yields are pushed up by default risks in those circumstances.

> Companies can benefit if they are financed by long-term debt which is eroded by inflation

One explanation for rising dividend yields is that investors fear that companies will be damaged by poorly-designed corporate taxes which fail to take account of higher replacement costs. Weak management will also be exposed in these circumstances, if pricing decisions are based on historical cost accounts.

On the other hand, companies can *benefit* from unanticipated inflation if they are financed by long-term debt which is eroded in real terms by inflation.

The Nobel prizewinner Mr Franco Modigliani argued in the late 1970s that Wall Street investors were undervaluing bond-leveraged US companies because this element of monetary gains was being ignored. A general threat is that risk premiums will increase and market inefficiencies will arise.

One particular risk is that governments will impose tougher policies, and even apply price controls. The combination of price restrictions and inappropriate taxes produced the "Doomsday Machine" which nearly bankrupted British industry in 1974 and put the UK stock market at one stage on a dividend yield of 12 per cent.

In real terms the UK stock market tended to stand in the late 1970s at about half the price level it had attained in the late 1960s, and subsequently regained in the late 1980s. Eventually long-term investors in equities recovered what they had lost, but this could not be said about bond investors whose wealth had been permanently diminished by inflation.

The conclusion is that fluctuations in inflation can in practice have significant effects on equities. It is better to buy when inflation is falling than when it is accelerating. But UBS thinks a rise in underlying UK inflation to 4½ per cent in the medium term will not be enough to provoke a UK market setback.

RJR hit by 13% fall in cigarette sales

By Richard Tomkins in New York

Shares in RJR Nabisco, the US tobacco and food group, shed $⅞ to $26⅞ in early New York trading yesterday after the company produced a worse-than-expected performance from its cigarette businesses in the first quarter.

The number of cigarettes sold worldwide fell 13 per cent, contributing to a 15 per cent fall in fully-diluted earnings per share to 51 cents from 60 cents.

Analysts had predicted that earnings per share would be slightly ahead.

The group's tobacco results were in sharp contrast with those reported last week by Philip Morris, the biggest US cigarette manufacturer. Philip Morris produced a 16 per cent rise in net earnings for the first quarter, helped by a 15 per cent increase in the number of cigarettes sold overseas and a 1.7 per cent increase in the number sold in the US.

A good performance from the food businesses enabled the group to report a small increase in net income to $198m from the comparable period's $195m, but the fully-diluted earnings per share figure was hit by a $2bn issue of convertible preferred stock in May last year.

Mr Charles Harper, chairman and chief executive, said: "We expect comparisons to improve during the year."

RJR Nabisco said it suffered a 13 per cent downturn in the number of cigarettes sold overseas, leading to a 3 per cent decline in operating profits to $549m from $566m for international tobacco.

It said sales increased 14 per cent in western Europe and 17 per cent in Asia. But export volumes to the former Soviet Union were down because the second half of 1994 had seen speculative purchases in advance of a new import tax, and sales to the Middle East had been hit by currency devaluations.

In the US, cigarette shipments were down 14 per cent and operating profits fell 4 per cent. RJR Nabisco blamed the downturn on the timing of purchases by wholesalers and the continued erosion of its share of the market for low-priced cigarettes.

RJR Nabisco's food operations increasing operating profits to $245m from $219m. However, RJR Nabisco floated off 19.5 per cent of the Nabisco food business in January, so part of its profit contribution was deducted to reflect minority interests.

Earnings per share for the comparable period were restated to reflect the company's one-for-five reverse stock split earlier this month, aimed at raising the stock price.

Sandoz sees strong year as first-term sales rise 7%

By Ian Rodger in Zurich

Sandoz, the Swiss pharmaceuticals and chemicals group, reported a 7 per cent rise in first-quarter sales to SFr4.57bn ($4.04bn). This was due to strong growth in most divisions and the $3.7bn acquisition last year of Gerber, the US baby foods group.

In local currency terms, sales were up 17 per cent. The group, which is preparing to hive off its large industrial chemicals business, said it "expects good business growth for the year as a whole".

Mr Raymund Breu, finance director, said that meant operating and net profit would continue to grow in spite of unstable currency markets.

Last year, Sandoz net income grew 2 per cent to SFr1.7bn on sales up 5 per cent to SFr15.9bn. Operating income jumped 12 per cent to SFr2.45bn.

In the first quarter, sales in the pharmaceuticals division rose 7 per cent in local currency terms (down 2 per cent in Swiss francs) to SFr1.77bn. Mr Breu said this was better than the market average and reflected the high growth rate of new drugs, such as Lescol, a cholesterol inhibitor, and Lamisil, for fungal infections of the nails and skin.

Sales of the nutrition division soared 68 per cent to SFr940m due largely to the Gerber acquisition. Sandoz said the division's sales grew 7 per cent excluding acquisitions in local currencies.

Industrial chemical sales were down 4 per cent to SFr582m, but up 7 per cent in local currencies, while agricultural chemicals were up 5 per cent to SFr564m.

Mr Breu said the growth trends continued in the second quarter and the directors expected them to be sustained for the rest of the year.

The plan to hive off the industrial chemicals division was proceeding. The group was working on the legal separation and preparing an initial public offering of shares. However, other possibilities were being investigated.

Mixed results for Swedish banks in first three months

By Christopher Brown-Humes in Stockholm

Skandinaviska Enskilda Banken, one of Sweden's leading commercial banks, yesterday announced a lower-than-expected profit of SKr484m ($65.4m) for the first quarter, down from SKr1.38bn a year ago.

The result came as its main rival, Svenska Handelsbanken, reported an 18 per cent rise in profits to SKr1.27bn.

SE-Banken's result was about SKr500m below analysts' average forecasts and came after a 10 per cent slump in net interest income to SKr2.01bn.

Profit before lending losses fell to SKr1.55bn from SKr2.93bn.

The bank blamed the performance on lower lending volumes, narrower margins, high interest rates, and a fall in income from currency and equities trading. It also noted that last year's profit was inflated by SKr650m in capital gains.

A positive feature was the 31 per cent fall in credit losses to SKr1.07bn, but at 1.62 per cent of total lending this remains well above normal levels. The figure was aggravated by a large but unspecified provision arising from the bank's exposure to Luxonen, an investment group that ran into difficulties earlier this year.

Mr Björn Svedberg, chief executive, forecast that the bank's full-year lending losses would reach about SKr4bn but he said this would depend on interest rate and currency developments.

Svenska Handelsbanken, which fared much better than its rivals during Sweden's bank sector crisis two years ago, saw a slight weakening of its result before loan losses to SKr1.83bn from SKr1.91bn a year ago. The downturn mainly reflected lower capital gains from bond trading.

Net interest income was 10 per cent higher at SKr2.36bn, with increased lending activity helping to compensate for a narrower gap between lending and deposit rates.

The bank also benefited from a 34 per cent fall in loan losses to SKr555m. The figure is equal to 0.8 per cent of total lending, three times the level of the late 1980s but considerably better than most competitors.

Handelsbanken said total problem loans amounted to SKr6.48bn at the end of March, down from SKr8.5bn.

At SE-Banken, the figure was SKr8.6bn, against SKr8.5bn at the end of last year and SKr13.1bn a year ago.

Both banks reported a big increase in expenses, reflecting their efforts to expand business and establish themselves in other Nordic centres.

SE-Banken A shares closed SKr0.9 lower at SKr35.60, while Handelsbanken A shares climbed SKr1 to SKr87.

Ingersoll-Rand improves 40% in quarter

By Andrew Baxter

Ingersoll-Rand, the New Jersey-based industrial equipment group, yesterday reported a strong start to the year in what could be its final set of results before it completes a $1.5bn takeover of Clark Equipment, the construction machinery group.

First-quarter net earnings rose 40 per cent to $46.3m, or 44 cents a share, from $33m, or 31 cents. Sales rose 17.3 per cent to $1.2bn and operating profits surged 48.3 per cent to $89.2m.

New orders rose 22 per cent, compared with the first three months of 1994, to a record $1.4bn.

Mr James Perella, chairman and chief executive, said almost every operation improved its orders, in the US and overseas.

Sales in Ingersoll-Rand's standard machinery segment, which includes construction and mining equipment and compressors, rose 24.9 per cent to $398.8m, and operating profits jumped to $35.3m from $22.9m.

The engineered equipment segment recovered from a $1.8m operating loss to a profit of $7.6m, as sales rose 14.2 per cent to $232.4m.

The biggest segment, bearings, locks and tools, lifted profits to $55.2m from $47.4m as sales rose 13.7 per cent to $554.4m.

Sharp drop in turnover at Bull

By John Ridding and Andrew Jack in Paris

Groupe Bull, the French computer manufacturer which is in the process of privatisation, suffered a marked drop in sales in the first quarter of the year, reflecting the fragility of recovery at the loss-making group.

The state-owned company confirmed yesterday that turnover had fallen by 10.5 per cent in the first three months.

It said the decline was 6.5 per cent before exceptional items, including the sale of licences and a contract related to the sale of portable computers.

Bull added that the figures were not representative of the trend in the group's sales and related largely to the first two months of the year. Results had improved in the third month of 1995 and Bull was heading back to growth for the second quarter of the year, the company said.

The decline in sales follows a recovery in 1994, when turnover rose to FFr29.9bn ($6.2bn) from FFr28.25bn – the first increase since 1989.

Reasons for the fall appear to include the impact of the weak dollar and problems at Bull's plant at Angers, western France, where output was disrupted at the beginning of the year by technical hitches in a new production and delivery system.

The first-quarter decline, from sales of FFr6.1bn in 1994, reflects the impact of exceptional revenues last year. These included the sale of licences by ZDS.

The company said the results should not be taken in isolation and that they reflected the strength of the first quarter of 1994.

Industry analysts said the first quarter was traditionally a slow period and figures for the first half as a whole were more meaningful.

However, they expressed concern about the reported decline in several divisions, including the company's French and North American operations.

Reports of the sales decline come at a sensitive time for the French computer group, which has just completed the first phase of privatisation.

Financial shake-up at Orlando

By Robert Graham in Rome

The Florence-based Orlando group, which through GIM, SMI and Europa Metalli is Europe's leading copper alloy manufacturer, yesterday announced a financial reorganisation to ease debt and streamline the structure of individual companies.

The reorganisation involves a series of capital increases and the removal of debt from all the main Italian industrial operating companies to a special financial holding company, with a consequent enhanced role for KM-kabelmetal, the group's German subsidiary.

Fresh capital will be sought from outside investors but the group said there was no partner in mind.

Shares in GIM, SMI and Europa Metalli were suspended on Monday on the Milan bourse pending the outcome of yesterday's board meeting.

The main industrial activities in Italy are concentrated in Europa Metalli, which has been under a tough rationalisation programme since 1993. This was reflected in a turnround last year to a L4.8bn ($2.8m) profit from a deficit of L131.6bn in the previous year.

KM-kabelmetal will become the operating and industrial flagship of the group. This will be achieved by a DM189m ($140m) nominal capital increase and by being merged with Europa Metalli (free of financial charges).

The new company will renamed KM Europa Metal. The capital increase will be subscribed 77 per cent by the group through shares of Europa Metalli, and other copper companies in the group including Trefimetaux of France.

Commerzbank takes Taiwan trust stake

By Norma Cohen, Investments Correspondent

Commerzbank, Germany's third largest bank, has acquired a minority stake in Capital Investment Trust, a new Taiwanese fund management company, as part of its strategy of becoming a global operator in asset management.

The German bank will have a 20 per cent interest in CITC with a further 5 per cent stake held by Commerzbank's ADIG-Investment partner. Other shareholders in CITC will include the Chen family of Taiwan.

Terms of the acquisition were not disclosed. However, start-up capital for the newly formed company is NT$300m ($11.8m) and it will target institutional and wealthy private investors in Taiwan.

Earlier this month, Commerzbank announced a friendly offer for Jupiter Tyndall, a UK-based fund manager. This valued Jupiter at £174m ($281.9m).

Last year, the bank acquired Caisse Central de Reescompte, a French bank specialising in money management.

"As a global bank, we feel we have to be able to offer certain products," Commerzbank said, adding that asset management was one of those products.

Although the vast majority of Commerzbank's 1,000 branches are in Germany, it has a presence in 30 other countries.

Commerzbank has identified Asia as one of the fastest growing markets for its asset management skills.

The Taiwanese government has recently relaxed regulations on foreign ownership of fund managers, with non-domestic institutions allowed to take stakes of up to 25 per cent in local companies. There are also plans for the government to issue more fund management licences.

Commerzbank said that its strategy of globalisation was "to link with local firms who already know the local market" rather than trying to start up operations on its own.

Colofon in buy-out deal worth Fl 97m

By Ronald van de Krol in Amsterdam

Colofon, the Dutch publisher, was acquired yesterday by its management and two venture capital groups in a deal worth Fl 97m ($63m), making it one of the largest recent management buy-outs in the Netherlands.

The London office of Advent International, the US-based venture capital group, is taking a Fl 29.3m stake in the equity, while Parnib, the venture capital subsidiary of De Nationale Investeringsbank (NIB), the Dutch bank, is investing Fl 14.7m. The 11-member management team is investing Fl 2m.

The rest of the financing takes the form of senior debt, provided by NIB and by VSB Bank, which is part of Fortis, the Dutch-Belgian financial services group.

The company, one of the few independent Dutch publishers, posted pre-tax profit of Fl 11.8m in the 1993-94 financial year, on turnover of Fl 55.8m.

مكبرا من الاصل

Kmart halves quarterly dividend

By Richard Tomkins in New York

Kmart, the ailing US discount store group, yesterday provided further evidence of its financial difficulties by halving its quarterly dividend and warning that it expected to report a loss for the first quarter to April.

If the prediction is fulfilled, it will be the ninth consecutive quarter in which Kmart has reported a deterioration in earnings. In last year's first quarter, net profits tumbled by 69 per cent to $18m.

The company's shares fell $1½ to $15 in early trading.

Kmart said its directors had decided during their regular quarterly review to cut the dividend to 12 cents from 24 cents. Mr Donald Perkins, chairman, said: "The board feels it is prudent to reduce the dividend more in line with current earnings expectations for the year."

In the first quarter, Kmart said, sales and cost reductions were as expected, but gross margins had fallen below plan. The company expected to report a loss for the quarter, excluding a one-time gain of 14 cents a share arising from a curtailment of the Kmart pension plan.

Kmart said margins were down because the implementation of a new inventory accounting system would result in a calculation of gross profits significantly lower than they would have been under the previous method.

It said the change would have no impact on full-year results, but would probably reduce first-quarter earnings by 12 cents a share. In last year's first quarter, Kmart's profits on continuing operations were 3 cents a share.

The dividend cut and warning of losses come a month after the ousting of Mr Joseph Antonini, Kmart chief executive, who had presided over the company's long decline. Mr Antonini has yet to be replaced.

Kmart has been struggling for years to fend off tough competition from its more successful rivals in the discount store market – notably Wal-Mart Stores, which came after Kmart but has now grown into the world's biggest retailer.

In recent quarters the company's problems have grown more acute. Repeatedly failing to stock the right goods, it has had to mark down prices to clear unwanted products from its shelves, resulting in a decline in gross margins and a near-collapse in profits.

With the company's cash problems mounting, analysts had been predicting for some weeks that the company would be forced to cut its dividend in order to finance a badly-needed refurbishment of its stores.

Salomon beats forecasts with $81m

By Maggie Urry in New York

Salomon, parent of the troubled Salomon Brothers investment bank, yesterday announced first-quarter earnings 23 per cent up on the same period in 1994.

Net income of $81m compared with $66m, and earnings per share were 59 cents, up from 48 cents, in spite of a loss of almost $70m in Latin American securities.

The figures were better than analysts' average forecasts of 43 cents a share, although estimates had been tentative because of the unpredictability of profits.

Salomon Brothers is struggling to reverse poor trading results in 1994, which were compounded by bad risk management, and to staunch a flow of resignations while implementing a more frugal compensation scheme.

Salomon Brothers' proprietary trading business made a $239m pre-tax profit in the quarter, after making losses in the three previous quarters, and up from a $212m profit in the first part of 1994.

However, the client-driven activity lost $179m compared with a loss of $173m. In the past five quarters this division has lost a total of $815m. The figure included the Latin America loss, which is thought to relate to positions Salomon Brothers was left with after underwriting bonds.

The group declined to say whether the losses had been realised.

The Latin America loss hit investment banking revenues, which fell to $22m from $170m. Although mergers and acquisition activity was good, underwriting is well down from a year ago.

Total equity underwriting has halved, and Salomon Brothers has lost some market share, while high yield underwriting has dropped by two-thirds, although here Salomon held its share.

The division also bore the $12m cost of closing and losses from the private client asset management business.

Salomon's two Phibro activities had mixed results. The commodity trading division had a record quarter, lifting pre-tax profits to $123m from $50m, helped by favourable trends in commodity markets.

However, the Phibro USA oil refining and marketing division suffered the same poor trading conditions noted by oil companies, and lost $51m compared with profits of $27m.

See Lex, Int'l Capital Markets and Editorial Comment

Dean Witter Discover, the US consumer credit and securities group, continued its strong trading performance since it floated two years ago, with record first-quarter profits, writes Maggie Urry.

In the three months to March 31 net income was $222m, 6 per cent up from the $210m in the same period last year, and 59 per cent ahead of the $140m made in the last quarter of 1994.

Earnings per share in the quarter were $1.31 compared with $1.23 in the same period of 1994.

Both sides of the business had record quarters. The credit division increased earnings by 6 per cent to $132m, although revenues rose faster, by 24 per cent to $976m. Margins narrowed due to higher marketing costs and credit card fraud.

The securities business increased net income by 5 per cent to $90.1m helped by falling costs. Dean Witter has a bias towards individual investors, who have been attracted into fixed income securities by higher yields.

Downstream losses force Chevron lower

By Maggie Urry

Losses from Chevron's US downstream business offset improved earnings from the rest of the group's oil and chemicals activities, leaving first-quarter earnings per share lower at 61 cents, compared with 65 cents in the same period of 1994.

If one-off gains in 1995 and losses in 1994 are included, earnings per share were up to 70 cents from 60 cents.

Net income was $459m including a $63m special gain in 1995, against $388m in 1994 when there was a one-off charge of $36m.

Weak refining margins in North America and the chaotic introduction of reformulated petrol at the beginning of the year caused losses of $102m in US downstream activities, compared with net income of $98m.

Outside the US refining and marketing income rose to $156m from $63m, helped by profits from land sales.

Exploration and production net income was $150m, up from $124m, in the US aided by higher crude oil prices.

The chemicals division, like those of other large oil groups, rose strongly to $163m from $26m.

Higher interest charges and a larger foreign exchange loss, of $13m against $2m, increased corporate costs from $49m to $92m.

Mainframe revival lifts earnings at Amdahl

By Louise Kehoe in San Francisco

A strong revival in demand for mainframe computers, once considered to be the "dinosaurs" of the computer industry, helped to boost Amdahl's first-quarter earnings to more than double last year's level.

Amdahl's results follow those of IBM, its main competitor in mainframes, which last week reported record first-quarter sales and earnings.

Amdahl's first-quarter net income was $20.6m, or 17 cents a share, up from $7.1m, or 6 cents, in the year ago period. Revenues declined slightly, to $371.5m from $378.8m, partly because of reduced sales of data storage products, the company said.

"Demand for mainframes continues to be strong," said Mr Joseph Zemke, president and chief executive. He noted a growing trend toward "recentralisation", as computer users shift tasks from computers distributed throughout an organisation to centrally managed mainframe "servers" linked to networks of desktop computers.

Some customers were finding that the "distributed computing" model that has been in vogue in recent years was more expensive and difficult to manage than expected, said Mr Zemke. He expected the "recentralisation" trend to continue to buoy demand for mainframes.

With demand for mainframes outstripping supplies, the rate of price declines had moderated, said Mr Zemke. Amdahl's profitability would be further improved when the company brought mainframe computers based on CMOS (complementary metal oxide semiconductor) technology to market in the second half of next year, he said.

Amdahl's open systems sales rose significantly in the first quarter, with revenues triple the quarterly average of 1994, he said. Development and growth of the company's new businesses – open systems servers, and software and services – would be a high priority in 1995, he added.

Nortel shares slip despite strong first-term advance

By Bernard Simon in Toronto

Northern Telecom, the Canadian telecommunications equipment maker, posted strong growth in first-quarter earnings, due to rising sales in most parts of the world.

But the performance fell short of investors' expectations. Nortel's share price, which has almost doubled over the past two years, fell back C$1.87 to C$52.25 in early trading on the Toronto stock exchange yesterday.

Net earnings from continuing operations climbed to US$62m, or 24 cents a share, in the three months to March 31, from $16m, or six cents, a year earlier. The 1994 figure excludes a $72m gain, equal to 29 cents a share, from the sale of a fibre-optics plant.

Revenues gained 12 per cent to $2.25bn. Order input was 16 per cent higher at $2.01bn.

European sales rose substantially, reflecting increased demand and a higher stake in France's Matra Communications. However, business in Canada remained weak.

Nortel's centre of gravity is shifting as its traditional strength in switching equipment gives way to a greater emphasis on wireless products.

Higher sales of switching equipment in Europe were offset by declines in North America. But demand for wireless networks was strong "across all markets".

The changing product mix was reflected in research and development spending, which rose to 14.4 per cent of revenues, from 12.4 per cent, with the increase concentrated in the wireless and broadband businesses.

Mr Jean Monty, chief executive, said the performance was "in line with our expectations". Mr Robert MacLennan, analyst at Levesque Beaubien in Toronto, said that the increasingly international profile and the changing product mix are forcing Nortel to spend more heavily on marketing, research and development. The tax rate has also climbed significantly. "Bell Canada doesn't just pick up the phone and order any more," Mr MacLennan said.

Company officials told analysts yesterday that they expected net margins to return to historic levels by the end of 1996. Analysts had forecast earnings of about 27 cents a share in the latest quarter.

Tenneco posts sharp advance

By Laurie Morse in Chicago

Tenneco, the Houston-based conglomerate, said net income from continuing operations in its first quarter rose to $153m, or 84 cents a share, up sharply from $80m, or 66 cents, in the same quarter in 1994.

The company, which is in the middle of a large asset redeployment, said Packaging Corporation of America, its Evanton, Illinois-based container subsidiary, led the first-quarter advance.

Since last year's first quarter, Tenneco has spun off all but 44 per cent of its Case heavy equipment subsidiary. A decline in the company's consolidated sales in the first quarter, to $2.16bn from $3bn a year ago, reflects the exclusion of a portion of Case's revenues.

PCA's sales increased to $636m in the quarter, from $491m a year ago, and the division's operating profits jumped to $116m from $20m.

"Given current business conditions PCA appears to be on its way to the highest level of annual operating income in its history," said Mr Dana Mead, Tenneco chairman. "Industry inventories of containerboard are well below normal levels and demand remains strong."

The packaging advance helped offset softness in Tenneco's natural gas pipelines unit.

Operating income at Tenneco Gas dipped to $80m in the quarter, from $105m a year ago, with sales down to $505m from $693 last year.

The company said warm winter weather reduced US natural gas demand and put pressure on price margins.

Revenues at Tenneco's automotives parts business rose to $602m, from $465m a year ago, with $86m of that increase coming from the acquisition of Germany's Gillet group last November.

UAL returns to black in first period

By Richard Tomkins

UAL, the holding company for United Airlines, the biggest airline in the US, yesterday gave airline stocks a fillip by reporting net income of $3m for the three months to March – the first time it has reported a profit for the period since 1989.

The figure included a one-time after-tax gain on the sale of 10 aircraft to Mesa Airlines, a regional operator. Even so, it marked a sharp improvement on the comparable period's loss of $71m before accounting changes.

The return to profit stemmed from a combination of higher revenues and a big cut in labour costs following last year's employee buy-out. Revenues rose by 4 per cent to $3.3bn while salaries and related costs fell by 7 per cent to $1.1bn.

Mr Gerald Greenwald, chairman and chief executive, said the Pacific and Atlantic markets had shown strong improvements in yield (revenue per passenger mile) during the quarter, and the weakening of the domestic yield had slowed to less than half the rate in the previous quarter.

United also produced figures showing that if the shares involved in the employee share ownership plan were fully distributed, net earnings would have been $59m, or $1.50 a share, after preferred dividends.

INTERNATIONAL COMPANIES AND FINANCE

Chrysler rejects Kerkorian's buy-out proposal

By Richard Tomkins

Directors of Chrysler, the US carmaker, have completed a review of Mr Kirk Kerkorian's $22.8bn buy-out proposal and unanimously rejected it, saying the financial consequences would result in a "crippled" company.

They also signalled confidence in their ability to defeat the proposal by announcing that they would stand by Chrysler's policy of building up a cash reserve of $7.5bn to see it through downturns in the business cycle.

Chrysler's cash reserves amount to about $7.3bn, but Mr Kerkorian has said that this is more than Chrysler needs to weather the next downturn. He has proposed using $5.5bn of the reserves to help finance a buy-out, raising the rest of the funds through a mix of $12bn to $13bn in debt and $3bn in equity.

There had been speculation that Chrysler might seek to buy its shareholders' loyalty by using some of its reserves to finance a dividend increase or stock buy-back.

But Mr Robert Eaton, Chrysler's chairman and chief executive, said: "Chrysler does not accumulate cash needlessly. Our current cash reserve was set after careful study of what is necessary to remain globally competitive, especially during the cyclical downturns."

The company would continue with an existing $1bn stock repurchase programme, Mr Eaton said, but further stock repurchases and dividend increases would come only after the $7.5bn cash reserve target had been reached.

Tracinda, Mr Kerkorian's investment vehicle, said it was "very disappointed" with the announcement and would make a fuller response later.

Chrysler's tough stance follows indications that Mr Kerkorian could be struggling to secure the financing for a buy-out. Most big US banks already do business with Chrysler, and have indicated that they do not want to get involved on Mr Kerkorian's side.

In a letter to Mr Kerkorian following yesterday's board meeting, Mr Eaton said Mr Kerkorian had provided "no information whatsoever" as to where he would look for the funds.

Mr Eaton said the total financing required, including refinancing $10bn of bank facilities at Chrysler and Chrysler Financial, would exceed $30bn.

GM to repurchase preference stock

General Motors has announced a tender offer to buy back three issues of preference stock, writes Maggie Urry in New York.

If the offer was taken up in full, it would cost GM $2.28bn, although the carmaker said that experience showed that a 50 per cent take-up rate would be high.

It is offering to buy the series B preference stock at $27½, compared with Monday's opening price of $26¼, the series D at $26⅞ against $25¼, and the series G at $28¼, compared with $26¾.

Most holders are retail investors rather than institutions.

The group stressed that the offer had been contemplated long before Mr Kirk Kerkorian announced a possible bid for Chrysler which would be partly financed by Chrysler's spare cash.

GM said the three preference share issues carried total annual dividends of $180m.

A buy-back would cut the dividend bill, which would be "a long-term benefit" to the company, it added.

The shares were issued in 1991 and 1992 when GM was in need of new equity, but it said its balance sheet was now much stronger.

The tender opened yesterday and will close at midnight on May 22. It is being handled by Merrill Lynch.

Agricultural minerals side lifts Freeport

By Laurie Morse in Chicago

Freeport-McMoRan lifted its first-quarter net income to $19.4m, or 14 cents a share, from $12.3m, or 9 cents, last year, helped by a strong agricultural minerals sector and expansion in its copper and gold mining and refining activities.

Results for both periods exclude special one-time charges to earnings. First-quarter consolidated sales jumped to $663m from $450m.

The international mining concern is in the process of a restructuring which will distribute ownership in its Freeport McMoRan Copper and Gold subsidiary to existing shareholders in a tax-free transaction.

The company said arrangements for that transaction included an agreement that mining group RTZ would buy 21.5m shares of the copper and gold subsidiary for $450m.

First-quarter diammonium phosphate prices rose sharply because of strong export demand, mainly from China.

Freeport's phosphate fertiliser operations, conducted jointly with IMC-Agrico, were operating at full capacity at the end of March. First-quarter mining sales rose to 196.3m lb of copper and 271,000oz of gold due to a two-year-old milling and mining expansion project.

Cyprus Amax turns in strong first quarter

By Laurie Morse

Cyprus Amax Minerals, one of the world's largest coal and copper mining concerns, reported a sharp increase in first-quarter earnings.

Net income jumped to $97m, or $1 a share, on sales of $784m, from $28m, or 25 cents, on sales of $588m in last year's first quarter.

Copper prices improved by 38 cents a pound during the first quarter from year-ago levels, and prices for molybdenum were $4.12 a pound higher.

Cyprus Amax is one of the world's largest suppliers of molybdenum, which is used in metal processing.

Mr Milton Ward, chairman, said: "Worldwide economic growth and strong copper fundamentals continue to suggest a positive outlook for the remainder of 1995".

He added that molybdenum consumption in Europe and the US approached record levels during the first quarter of 1995, and demand was expected to continue to be strong during 1995.

Mr Ward said that in addition to the company's copper/molybdenum division recording record first-quarter earnings of $128m, it reported record low net cash costs of 49 cents a pound, due primarily to high molybdenum by-product credits.

Goodyear tops $133m as tyre sales increase

Goodyear Tire & Rubber lifted net income in the first quarter to $133.3m from $116m last time, agencies report.

The US group said first quarter sales were a record, reflecting improved pricing, favourable currency impact and a 2.6 per cent increase in worldwide tyre unit sales.

The company increased sales in the quarter to $3.2bn from $2.9bn. Earnings per share advanced to 88 cents a share, against 77 cents.

Mr Stanley Gault, chairman, said income from continuing operations was a first-quarter record. He added that Goodyear was seeing the positive effects of global diversity.

The company's first-quarter tyre segment sales rose 10.2 per cent from a year earlier to $2.7bn.

In spite of higher raw material and labour costs, the segment's operating income rose to $246.7m from $235.9m.

First-quarter revenues at its oil transportation segment more than doubled to $30.6m and its operating income was $7.9m (including a $5m write-down on surplus construction pipe value), against a $4.8m operating loss in the 1994 first quarter.

NEWS DIGEST

Stop & Shop plans $255m purchase of Purity Supreme

Stop & Shop, the New England supermarket chain, plans to buy rival Purity Supreme in a $255m deal, in response to stiffening competition in food retail in the US, writes Victoria Griffiths in Boston.

Warehouse chains such as Costco and Sam's Club, which sell food in bulk to consumers who usually pay a membership fee to shop there, and national discounters, such as Wal-Mart and K-Mart, have been gaining a stronghold in the US food market.

Stop & Shop says the deal will give it the added economies of scale it needs to compete effectively. The acquisition will add 55 Purity supermarkets and 66 Li'l Peach convenience stores to the 128 stores Stop & Shop owns in New England.

In 1994, Stop & Shop had nearly $4bn in food sales and Purity $861m.

The purchase may be challenged by federal authorities on anti-trust grounds, but Stop & Shop said it was prepared to sell individual stores in areas where the combined presence of the two chains would be large enough to influence prices.

The purchase ends a turbulent period for the Purity Supreme chain. After being bought by investment firm Freeman Spogli in 1991 for $265m, the company closed eight stores and layed off more than 6,000 workers.

UBS wins appeal over capital-raising plan

Union Bank of Switzerland has won an appeal to the Swiss federal court against a challenge to its creation of authorised and conditional pools of equity capital, writes Ian Rodger in Zurich.

The capital would be used for acquisitions or equity-linked bond issues without seeking further authorisation from shareholders or respecting their pre-emptive rights.

BK Vision, UBS's largest shareholder, contested the resolution passed at the bank's 1993 shareholders' meeting, claiming that the 1992 Companies Act required companies to specify the purposes for which the funds would be used.

The Zurich commercial court agreed with BK in a judgment last September, but UBS appealed.

The federal court ruled yesterday that shareholders could delegate to the directors the power to issue authorised capital without giving shareholders prior rights. However, it said that UBS should specify in its bylaws the purposes for which the capital could be used.

UBS was pleased with the outcome. Mr Martin Ebner, chairman of BK Vision, was disappointed, but said the market was becoming increasingly vigilant in watching what boards did with capital.

UBS Stockholm SE membership, Page 24

Indonesian cement producers advance

Two of Indonesia's largest cement producers, Semen Cibinong and Indocement Tunggal Prakarsa, saw 1994 earnings rise on increased sales volumes, writes Manuela Saragosa in Jakarta.

Indocement's net income in 1994 was up nearly 18 per cent at Rp368bn ($170m) while Semen Cibinong reported net profit 55 per cent higher at Rp53bn.

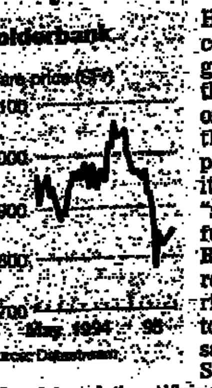
The earnings increases come after Indonesia suffered a cement shortage last year, which prompted the government to import more than 1m tons of cement to feed the country's construction boom.

Semen Cibinong said its cement and ready-mix shipments rose by 15 per cent and 218 per cent respectively, accounting for most of the 36 per cent increase in net sales to Rp537bn.

Indocement, Indonesia's largest cement maker with a capacity of more than 10m tons annually, said its net revenues rose to Rp3,400bn from Rp2,900bn.

However, about 40 per cent of Indocement's revenues come from its stake in Indofood, which is the country's largest noodle maker.

Holderbank sees 'solid' full-year outcome



Holderbank, the Swiss cement and aggregates group, said its sales in the first three months of 1995 were ahead of those in the same period of last year, and it looked forward to "solid results" for the full year, writes Ian Rodger. The group reported a 42.2 per cent rise in 1994 net income to SFr623m ($556m) on sales up 8 per cent to SFr9.1bn, and said it had achieved "gratifying results" in the first quarter.

"European sales are showing increases on the corresponding months of the previous year, while in North America all the signs seem to be indicating that Holnam will continue to run at full capacity and that Canada-based St Lawrence Cement can look forward to an upturn in the economy."

In Latin America, only the Mexican subsidiary, which was unaffected last year by the sharp devaluation of the peso, would suffer a setback.

Donohue shows strong progress in first quarter

Donohue, the Canadian forest product group controlled by the international Quebecor printing and publishing group, almost tripled its first-quarter earnings to C$46.2m (US$33.8m) or 59 cents a share from C$15.7m or 21 cents a year earlier, writes Robert Gibbens in Montreal.

Sales rose 56 per cent to C$248m. The gains came from higher pulp and newsprint prices and strong shipments, partly offset by lower timber prices. The lower Canadian dollar was also an important factor.

Donohue exports most of its pulp and newsprint and timber production to the US.

The company said it aimed to increase production of pulp and newsprint by investing in existing mills, but it also planned to move into coated and super-calendered papers through machine conversions or acquisitions.

CANTV to invest $408m in Venezuela

CANTV, Venezuela's national telecommunications company run by a consortium headed by GTE of the US, is to make capital investments of more than $408m in the country this year, writes Joseph Mann in Caracas.

While the target is substantial in Venezuelan terms, it represents about half the capital outlays previously planned for 1995.

From 1992 to 1994, CANTV made capital outlays of more than $1.9bn in improving Venezuela's telecommunications systems. Its original plan called for capital investments of $6bn between 1992 and 2000.

After recording strong profits in 1992-93, CANTV earlier this year reported a net loss of $44.1m for 1994, caused primarily by foreign exchange losses. The government imposed controls on foreign exchange transactions, prices and interest rates last year.

As a result of forex controls, CANTV's access to international credit – which provided a significant amount of working capital – was blocked. CANTV has more than $900m in external debt owed to about 40 international institutions.

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INTERNATIONAL COMPANIES AND FINANCE

Chinese group drops mainland share issue

By Louise Lucas in Hong Kong

Yizheng Chemical Fibre, one of the original nine mainland China state enterprises to list in Hong Kong, has scrapped plans to raise additional funds from China due to the poor market conditions.

Instead, it will place an additional tranche of 400m H-shares in Hong Kong.

This is the first time a mainland company has substituted an H-share placement (shares in Chinese state companies listed in Hong Kong) for an issue of A-shares (stocks reserved for domestic investors in China).

The shares were placed after yesterday's close at HK$2.45 each, representing a discount of 2.9 per cent to the closing price of HK$2.525. Investors from Asia, Europe and North America took up the offer, the price of which compares with the initial listing price of HK$2.38 just over a year ago.

The original prospectus specified plans to issue 600m A-shares. But after testing the waters with a 200m A-share issue earlier in the year, Yizheng's directors sought regulatory approval to list more shares in Hong Kong.

Yizheng, which is the world's fifth biggest producer of polyester, is expected to need large funds for an expansion programme to increase production capacity. It recently announced a 64 per cent rise in annual profits to Yn978m ($116m) from Yn595m the previous year.

Solid gains for SA retailer

Shoprite-Checkers, the supermarket chain controlled by Pepkor, the South African retail group, posted improved results for the year to end-February. It raised after-tax profit 131.4 per cent to R100.8m ($28m) from R43.56m last year, writes Mark Suzman.

Better profit margins and improved productivity led to a 92.2 per cent rise in operating profit to R99.5m from R51.8m.

Nedcor to reshape Perm into two banks

By Mark Suzman in Johannesburg

Nedcor, the South African financial services group, plans to restructure its Perm Building Society subsidiary into two banks which will focus on introducing and developing banking services in the country's poorer communities.

Mr Richard Laubscher, Nedcor's chief executive, said Perm's existing branch network and infrastructure would provide the core for both the new banks, to be called the Peoples Bank and the Permanent Bank.

Each bank will have its own brand identity.

The move, which is the culmination of several years of planning, is designed to help Nedcor become the market leader in the black community, which makes up 32m of the country's 40m population. Most have never held a bank account.

Several of the country's other leading banking groups have recently launched initiatives to try to attract black customers.

However, analysts believe that Perm's good reputation among South Africa's black community, which it catered for under apartheid, should give the new banks a head start in attracting customers.

The Peoples Bank, which will open with 100 branches, will target individuals with regular incomes who need accessible and affordable banking products.

"From day one, it is a most substantial bank and we believe its potential is huge," Mr Laubscher said. He added that it would be supported by the launch of products, such as the smart card, which allow the provision of services in remote areas where there is currently inadequate infrastructure for full banking.

The Permanent Bank will have an initial 200 branches and will offer full service, traditional personal banking products.

Both banks will focus on individual rather than corporate or government customers.

Current Perm clients will be free to choose which bank they want.

"This finalises the chapter of the Perm's evolution from a building society to a bank," said Mr Laubscher.

Korean carriers seek to spread their wings

Easing of restrictions has sparked surge in demand for overseas travel, writes John Burton

A surge in overseas travel by South Koreans lifted the country's two rival airlines – Korean Air and Asiana – to record profits last year.

Net earnings for Korean Air, the world's 10th largest carrier in passenger terms, jumped by 215 per cent to Won36.9bn ($48m) in 1994, while Asiana, with Won2.2bn, enjoyed its first profitable year since it was set up in 1988.

South Koreans were restricted from travelling abroad until 1989. But Seoul's Kimpo airport is an example of how dramatically things have changed in the booming South Korean economy. Kimpo became the world's fastest growing airport last year, after a 20 per cent increase in passenger traffic.

"Passenger growth is so phenomenal that there is plenty of room for expansion by both airlines," says Mr Jonathan Dutton, an analyst for S. G. Warburg Securities in Seoul.

Both airlines saw their load factors increase to 67 per cent last year, and analysts predict this will rise above 70 per cent in 1995. The carriers are taking advantage of rising demand to increase fares and abandon their reputation as discount airlines.

The buoyant earnings performance is in sharp contrast to the early 1990s, when growing losses threatened both carriers. This prompted the government to propose that the airlines should reduce their "excessive" competition and co-operate instead on overseas routes – a suggestion that was rejected by the fierce rivals.

The government changed tack last year, deciding to promote competition by deregulating international routes, which are far more lucrative than domestic flights.

The policy particularly benefited Asiana. When it began flying overseas in 1990, it was limited to the US, Japan, and south-east Asia.

In contrast, Korean Air, regarded as the national carrier, had no limitations on its overseas network. Korean Air was state-owned until 1969, when it was taken over by the Hanjin shipping and transport group as part of a privatisation scheme.

Asiana complained that the restrictions placed the airline at a competitive disadvantage since it was excluded from the most profitable overseas routes. "European routes have 30 to 50 per cent higher fares than trans-Pacific routes," says Mr Park Sam-woo, the Asiana president.

Although the carrier has captured a third of the domestic market, internal flights are barely profitable because of state-imposed fare restrictions.

The result was that Asiana became a financial drain on its parent Kumho group, which also owns Korea's biggest intercity bus company and is a leading producer of tyres and petrochemicals.

Unlisted Asiana has lost Won210bn since 1988 and needed capital infusions from Kumho and government banks to survive.

Asiana, however, will become eligible to be listed on the Seoul bourse in 1997, enabling it to tap new sources of financing, providing it meets the government requirement that it reports three consecutive years of profits.

Many analysts believe the previous restrictions imposed on Asiana reflected Korean Air's close ties with the transport ministry. But officials have now adopted a more even-handed approach.

After Korea signed an aviation agreement with China last year, the transport ministry assigned Asiana four weekly flights to Beijing and exclusive control of the Seoul-Shanghai route.

Korean Air was awarded five flights to Beijing and exclusive rights to the smaller provincial cities of Shenyang, Qingdao and Tianjin.

Asiana is seeking to expand its international network. Although surveys have rated Asiana highly for its customer service, Korean Air still has a competitive advantage because of its wider range of flight routes.

Asiana flys to 23 foreign destinations, while Korean Air serves 70 cities abroad and has taken 45 per cent of total international departures from Seoul.

Asiana gained sole Korean flight rights to Khabarovsk in the Russian Far East last year and hopes to be flying to Europe by the end of 1995.

As Asiana expands its international network, it is increasing its fleet from 33 passenger and cargo jets in 1994 to 60 by 2000.

"We are improving our economies of scale. We have reached the minimum size, but now need to achieve optimum size," explains Mr Park.

Asiana buys all its aircraft from Boeing to ease training and maintenance costs. In contrast, Korean Air 100-strong fleet consists of aircraft from Boeing, McDonnell-Douglas, Airbus and Fokker.

Although Korean Air enjoyed advantages in its competition with Asiana, its airline operations also lost money in the early 1990s. It managed to report profits because of its thriving aerospace business, including production of US-licensed helicopters and jets for the Korean military.

The increased challenge from Asiana is forcing Korean Air to expand its overseas network to emerging markets in Latin America, Africa and the Middle East, while adding new destinations in Europe. It is also intends to increase its aircraft fleet to 130 by 2000.

The rapid expansion by Korean Air and Asiana carries risks. Both have heavy debt burdens, with Korean Air's debt/equity ratio reaching 700 per cent last year. However, analysts believe the carriers will be able to reduce their debt, helped by Korean overseas tourism which is predicted to remain strong.

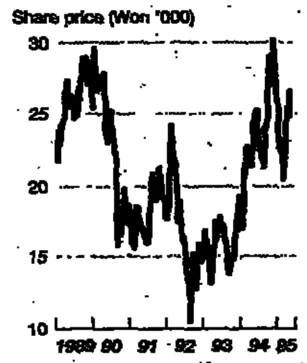
The airlines' financial statistics

Year	Sales Won bn	Net profit Won bn
Korean Air		
1989	1,558	+31.9
1990	1,679	-7.8
1991	2,009	+16.0
1992	2,338	+1.2
1993	2,701	+11.8
1994	3,058	+36.9
Asiana		
1989	42.4	-31.4
1990	106.0	-46.2
1991	210.4	-35.6
1992	343.4	-45.8
1993	500.1	-51.5
1994	697.4	+2.2

Source: Company reports

Korean Air

Share price (Won '000)



Source: Datastream

Payment of Dividend

NOTICE IS GIVEN to shareholders that following a resolution passed at the Annual General Meeting of shareholders held on 25 April, 1995 a dividend for the year ended 31 December, 1994 of DM 10 per share of DM 50 par value will be paid as from 26 April, 1995 against delivery of Coupon No. 58 from shares of DM 50 or Coupon No. 9 from London Deposit Certificates of DM 5.

Dividend of 20 % will be subject to German Capital Yield Tax of 25 % and 7.5 % solidarity payment charged on the capital yield tax.

Coupons may be presented as from 26 April, 1995 to

S. G. Warburg & Co. Ltd.
Paying Agency
Finsbury Avenue
London EC2M 2PA

from whom appropriate claim forms can be obtained.

The dividend will be paid at the rate of exchange ruling on the day of payment.

Payments in respect of London Deposit Certificates will be made at the rate of exchange ruling on the day of receipt of dividend on the underlying shares deposited in Germany.

United Kingdom Income Tax will be deducted at the rate of 5 % unless claims are accompanied by an affidavit.

German Capital Yield Tax deducted in excess of 15 % is recoverable by United Kingdom residents, and the Company's United Kingdom Paying Agent will, upon request, provide holders with the appropriate forms for such recovery.

Hoechst Aktiengesellschaft
Frankfurt am Main, April 1995

Hoechst

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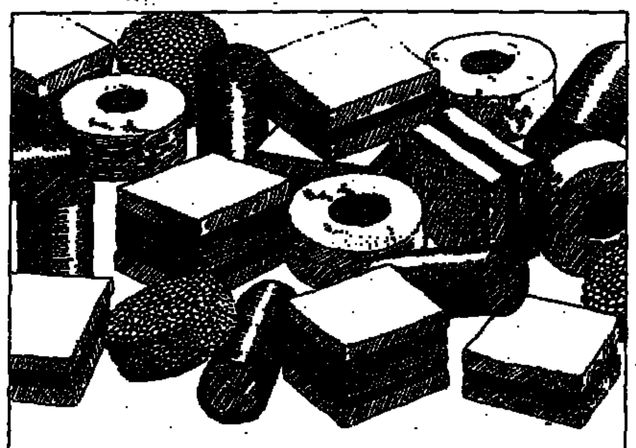
ALLIANCE LEICESTER
Alliance & Leicester Building Society
£13,000,000
Subordinated Floating Rate Notes due 1998
For the six months 21st April, 1995 to 23rd October, 1995 the Notes will carry an Interest Rate of 7.73906% per annum with an interest amount of £39,225.37 per £1,000,000 Note, payable on 23rd October, 1995.
Listed on the Luxembourg Stock Exchange
Bankers Trust Company, London Agent Bank

SOCIETE GENERALE USD 372,000,000
SUBORDINATED FLOATING RATE NOTES DUE 1998
ISIN CODE : GB0048179054
For the period April 25, 1995 to October 25, 1995
the new rate has been fixed at 6,8625 % P.A.
Next payment date : October 25, 1995
Coupon nr : 15
Amount :
USD 34884,38 for the denomination of USD 1 000 000
THE PRINCIPAL PAYING AGENT SOGENAL
SOCIETE GENERALE GROUP
15, Avenue Emile Reuter
LUXEMBOURG



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FT FINANCIAL TIMES *Information*

N.V. De Indonesische Overzeese Bank
US$125,000,000
Floating Rate Notes 1997
The notes will bear interest at 6.8625% per annum for the period 26 April 1995 to 26 July 1995. Interest payable 26 July 1995 will amount to US$1,734.69 per US$100,000 note.
Agent: Morgan Guaranty Trust Company
JPMorgan

BRITANNIA BUILDING SOCIETY
Issue of up to £50,000,000 Floating Rate Notes Due 2005
In accordance with the terms and conditions of the Notes, notice is hereby given that for the three month interest period from (and including) 25th April 1995 to (but excluding) 25th July 1995 the Notes will carry a rate of interest of 7.55218 per cent. per annum. The relevant interest payment date will be 25th July 1995. The coupon amount per £1,000,000.00 Note will be £18,826.47 payable against surrender of Coupon No: 22.
Hambros Bank Limited
Agent Bank

Up to £130,000,000
Holdings of 1992 (UK) Limited
formerly Hafnia Holdings (UK) Limited
Floating Rate Notes due 2000
£65,000,000 of which are being issued as the Initial Tranche
For the period from April 24, 1995 to July 24, 1995 the Notes will carry an interest rate of 7.2625% per annum with an interest amount of £18,106.51 per £1,000,000 Note.
The relevant interest payment date will be July 24, 1995.
Agent Bank:
BANQUE PARIBAS

U.S. $75,000,000
SWEDBANK
(Sparbankernas Bank)
Subordinated Floating Rate Notes due 1997
Notice is hereby given that for the three months Interest Period from April 28, 1995 to July 28, 1995 the Notes will carry an Interest Rate of 6.4375% per annum. The interest payable on the relevant interest payment date, July 28, 1995 will be U.S. $4,068.14 and U.S. $162.73 respectively for Notes in denominations of U.S. $250,000 and U.S. $10,000. The sum of U.S. $162.73 will be payable per U.S. $10,000 principal amount of Registered Notes.
By: The Chase Manhattan Bank, N.A. London, Agent Bank
April 28, 1995
CHASE

GENERALE
SOCIETE GENERALE DE BELGIQUE
Société Anonyme
Incorporated in Brussels by Royal Decree dated 28 August 1822
Registered Office: 30 rue Royale, 100 Brussels
Trade Register Number: Brussels 17487

The Board of Directors is pleased to invite shareholders to assemble at the Company's registered office, rue Royale 30, Brussels on Wednesday 17 May 1995 at 10.30 am

* for the Ordinary General Meeting, in accordance with the terms of Article 22 of the Articles of Association, to vote on the following agenda:

AGENDA

1. Board of Directors' special report and Auditors' report, drawn up for cases of duality of interests.
2. Board of Directors' and Auditors' reports for the 1994 financial year.
3. Approval of the Company's annual accounts:
Proposal to approve the annual accounts as at 31 December 1994, including the distribution of a net dividend of BEF 85 to non-VVPR shares and of BEF 99.15 to VVPR shares.
4. Discharge to the members of the Board of Directors and to the Auditors:
Proposal to discharge the members of the Board of Directors and the Auditors from the performance of their functions during the 1994 financial years.
5. Elections according to the Articles of Association:
5.1. Proposal to renew the mandate of Baron Jean Godeaux as Director.
5.2. Proposal to renew the mandate of S.C.C. Tinnemans, Pourbaix, Vaes & Co, represented by Mr Claude Pourbaix, as statutory auditor.
5.3. Proposal to renew the mandate of S.C.C. Price Waterhouse, henceforth represented by Mr Robert Peirce, as statutory auditor.
5.4. Proposal to fix the statutory auditors' fees at the amount proposed, with their agreement, by the Board of Directors

* At the end of said meeting, for the extraordinary general meeting to vote on the following agenda:

AGENDA

1. Authorised capital:
1.1. Board of Directors' report, drawn up in accordance with Article 33bis, §§ 2 of the Coordinated Laws on Commercial Companies.
1.2. Proposal to cancel the authorised capital outstanding as at the date of the meeting and to create a new authorised capital of BEF 45 billion.
Any capital increase carried out within this framework may take the form of either a contribution in cash or subject to the legal restrictions, a contribution not consisting in cash.
It may also take the form of incorporation of available or unavailable reserves, with or without the creation of new shares, or the form of incorporation of issue premiums.
The Board of Directors is moreover authorised, in the interest of the Company, to limit or abolish the Shareholders' preference right on any capital increase carried out in the context of the authorised capital, including in favour of one or more specific persons, whether or not they are members of the staff of the Company or of its subsidiaries.
The Board may also, within the limits of the authorised capital, issue, pursuant to Articles 101bis to octies of the Coordinated Laws on Commercial Companies, convertible bonds or bonds with subscription rights, as well as subscription rights attached or not to another security.
In this respect, subject to the provisions of the Coordinated Laws on Commercial Companies on the abolition of the preferential subscription right in the event of the issue of subscription rights, it may, in he interest of the Company, limit or abolish the shareholders' preference right, including in favour of one or more specific persons, whether or not they are members of staff to the Company or of its subsidiaries.
1.3. Proposal to expressly authorise the Board of Directors, for a period of three years, to increase the capital of the company on one or more occasions, notwithstanding the communication made by the Commission bancaire et financière that it has been notified of a public offer to acquire securities of the Company, by contributions in cash, limiting or abolishing the shareholders' preference right, including in favour of one or more specific persons, whether or not they are members of the staff of the Company or of its subsidiaries, or by contributions in kind, according to the terms it defines and the conditions set out in the Coordinated Laws on Commercial Companies.
2. Acquisition of Company shares:
Proposal to renew, for a period of three years, the authorisation granted to the Board of Directors by the General Meeting of 20 May 1992 to acquire Company shares, by purchase or exchange, with a view to avoiding serious and imminent loss to the Company.
3. Amendment of the Articles of Association:
Proposal to amend Articles 3 and 5 of the Articles of Association to bring them in line with the resolutions to be adopted.
4. Powers:
Proposal to give full powers to the Board of Directors to carry out the resolutions to be adopted.

In order to attend these meetings, the shareholders should, in accordance with the terms of Article 19 of the Articles of Association, deposit their shares by Wednesday 10 May 1995 at the latest at the Company's registered office or at one of the following banks:

In Belgium : Generale Bank
: Banque Indosuez Belgique
In France : Banque Indosuez
In Luxembourg : Banque Générale du Luxembourg
In Switzerland : Crédit Suisse
: Société de Banque Suisse
: Union de Banques Suisses
In Germany : Deutsche Bank
: Generale Bank & Co

Without prejudice to the terms of Article 74, § 2, para 2 and § 3 of the Coordinated Laws on Commercial Companies, the shareholders who wish to be represented should use the form of proxy which is available on request.

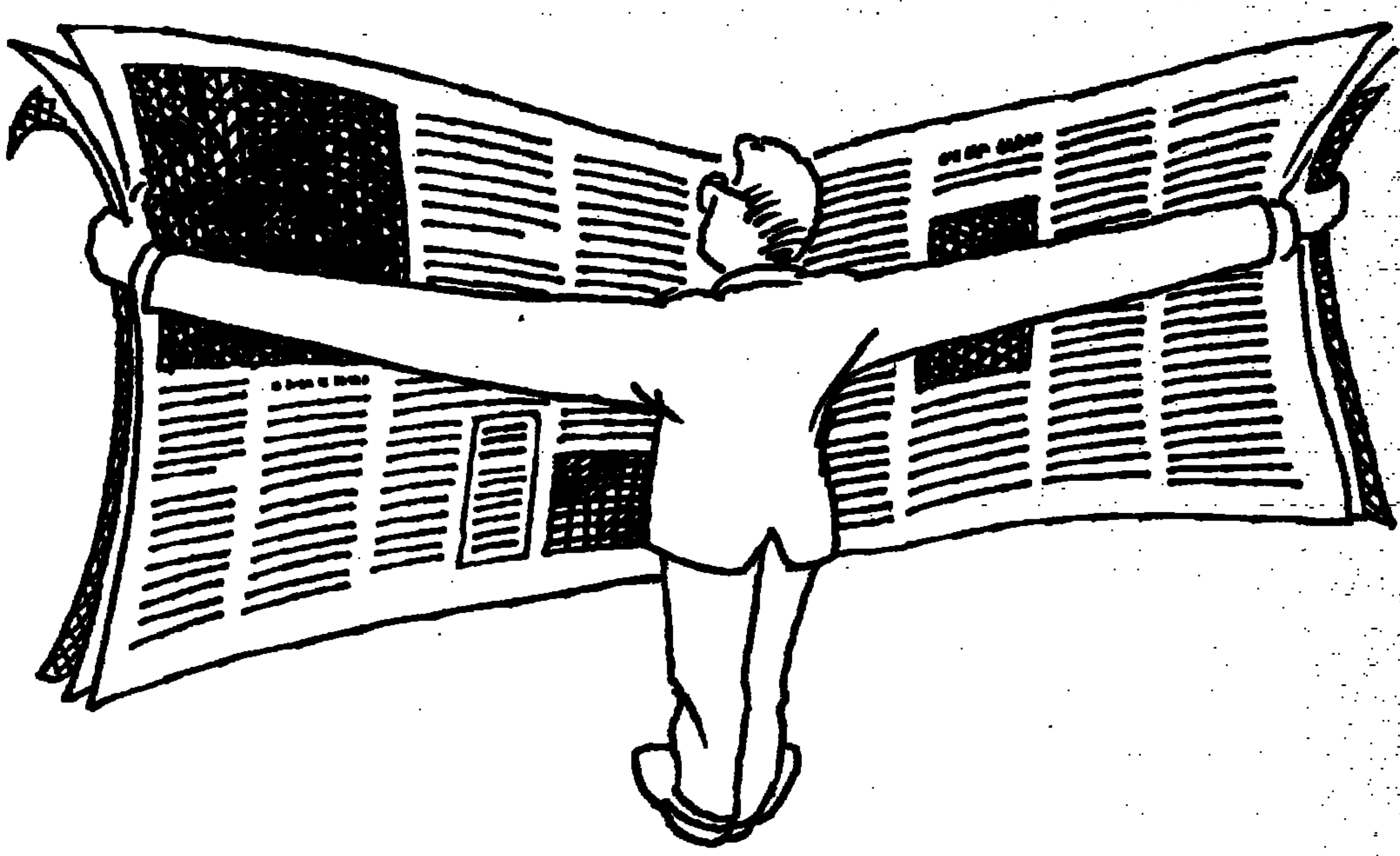
All proxies should reach the Company's registered office as soon as possible and by Monday 15 May 1995 at the very latest, which date was laid down by the Board of Directors in accordance with the terms of Article 20 of the Articles of Association.

Brussels, 26 April 1995.

G. MESTRALLET
Chief Executive Officer

E. DAVIGNON
Chairman

How do you keep up with an expanding Europe?



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FT PROFILE
BUSINESS INFORMATION

PART OF THE FINANCIAL TIMES GROUP

COMPANY NEWS: UK AND IRELAND

PDL casts Smurfit in role of white knight

By John Murray Brown in Dublin and Andrew Jack in Paris

Jefferson Smurfit, the Dublin-based paper and packaging company, yesterday announced a bid to buy the shares of Papeteries du Limousin, the small French corrugated board manufacturer, after an approach by the company, which is already the subject of a bid from the French group Emin Leydier.

Jefferson International, a wholly owned subsidiary of Jefferson Smurfit Group, is making a cash offer of FFr500 per share, valuing Papetieres du Limousin at FFr452m (£58.2m). Emin Leydier's offer – at FFr450 per share – expires on May 2.

Smurfit said the deal would depend on approval from the *Conseil des Bourses de Valeurs*, the French stock exchange authority. It added that it would not proceed unless there were acceptances for at least 75 per cent of the PDL shares. The PDL board meets today to consider the offer. While the company declined to comment on the Smurfit bid, it is expected to give its approval.

Mr Thierry Emin, finance and administration director for Emin Leydier, expressed his frustration last night at the Smurfit offer. "We maintain that there is an industrial logic behind our bid," he said.

He said Emin Leydier would be considering the new bid over the next few days. It has until May 10 to decide whether to increase its offer. A previous offer by Papeterie de Gascoigne for PDL, one of only two independent corrugated cardboard packaging companies in France, has now lapsed.

The stock exchange has to give its technical opinion on the Smurfit bid by May 2, following which there will be 20 days for a counter bid to be launched. Smurfit would appear to be the favourite to take PDL, having been approached by members of the board and senior shareholders.

PDL manufactures 204,000 tonnes a year of corrugated case materials at two mills in southern France. It had sales of FFr430m at the end of December 1994 and post-tax profits of FFr28.6m. Its net assets at the year end were FFr181m.

Announcing its annual results last week, Jefferson Smurfit Group indicated that it was in the market to expand its board capacity by 1m tonnes in the next five years. Dublin analysts believe the PDL deal is attractively priced and would provide "a useful alternative to expanding capacity".

The acquisition would complement the activities of Smurfit, which is already producing 425,000 tonnes of board at its French mills. Smurfit said it would continue to supply PDL's existing customers, while the extra 30,000 tonnes of capacity that would come on stream by the year end would supply its own box plants.

Sears higher than expectations with 11% rise to £154m

By Neil Buckley

Sears, the speciality retailer which includes names such as Dolcis, Wallis, Richards, Selfridges and Olympus, beat expectations with an 11 per cent increase in annual pre-tax profits from £138.3m to £153.8m ($250m).

However it warned that stock surpluses could hit margins in the current half-year.

The group, which is in the third year of a recovery programme launched by Mr Liam Strong, chief executive, increased underlying trading profits from retail and home shopping by 15.9 per cent to £137m.

The operating margin recovered from 6 per cent to 6.7 per cent, and Mr Strong said an 8 per cent margin was a realistic mid-term aim.

He said that after reorganisation, Sears was concentrating on improving its infrastructure. It had opened 126 new stores, closed 172, and refurbished 385 of its 2,700 stores, increasing capital spending from £74.3m to £101.9m.

It was also improving customer service, and investing more in research into customers' demands.

The changes helped lift group turnover 6.8 per cent to £2.14bn, with like-for-like sales, excluding store openings and closures, up 5.7 per cent.

Analysts welcomed the results, but were concerned about excess stock in British Shoe Corporation, the footwear division. Mr Strong said footwear sales, after a strong summer, had been "soft" through the autumn.

The group was determined to start the second half with a "clean stock position" and markdowns of surplus stock would reduce the gross margin by about 0.3 percentage points in this half.

Mr Strong said stock clearance would also result from the decision to close 40 Olympus sports stores. Sport and leisure was the only division whose performance deteriorated, slipping from £4.1m profit into a £1.9m loss despite a 7 per cent sales increase to £205m.

Selfridges department store increased profits 35 per cent to £28.4m on sales up 11 per cent at £242.4m, reflecting improved customer flows after installing new escalators as part of a £50m refurbishment plan.

LEX COMMENT

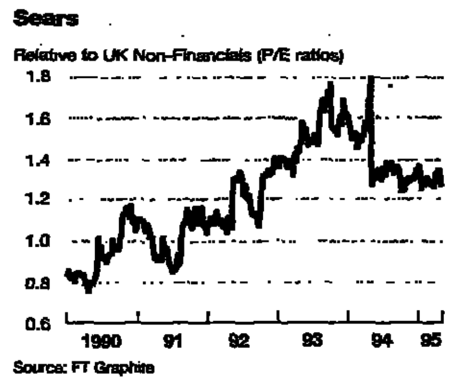
Sears needs focus

Mr Liam Strong's arrival as chief executive of Sears in early 1992 prompted a prolonged re-rating as investors became enthused at the prospect of a turnround at the retailing group. More recently, however, disillusion has set in, and in the past year the shares have underperformed the market by 22 per cent and the sector by 12 per cent.

As yesterday's results once again highlight, the Sears group is too much of a ragbag of retail brands to be easily manageable. Just as some parts of the flotilla of businesses start to turn in the right direction, others run into the rocks.

In 1994, Selfridges, Freemans, Shoe Express, Adams and Womanswear all performed more than creditably, reflecting well on the group's retailing and rationalisation skills. But the effect was spoiled by over-stocking in the shoes business and losses in the perennially problematic Olympus sportswear business.

What Sears is crying out for is focus. Top management talent is spread too thinly over too many activities. Up to a point, Sears recognises this. It has got rid of the obviously peripheral businesses, and plans to concentrate investment on a small number of favoured brands. But the group might have to do more if it wants to regain the premium which its recovery potential arguably still warrants. Options include selling Selfridges – a lone department store in its portfolio – and getting out of sportswear. Proceeds of such disposals should then be passed to shareholders.



RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Boosey & Hawkes	Yr to Dec 31	82.7	(72.2)	5.09	(4.38)	17	(15.4)	4.58	June 8	3.8	5.9	5
Bettis Mining	6 mths to Dec 31	0.496	(0.02)	0.049	(0.355L)	0.02	(0.15L)	-	-	-	-	-
Cesalt	6 mths to Feb 26	33.4	(31.5)	0.828	(0.765)	4.48	(4.11)	3.25	Aug 25	3	-	8
Ferraris	6 mths to Feb 28	6.34	(5.18)	0.333	(0.35)	2.6	(2.3)	0.95	July 17	0.85	-	2.25
Glenchewton	Yr to Dec 31	21.4	(20.2)	0.47L♠	(0.61♠)	1.85L	(1.89)	nil	-	nil	-	nil
Hollas	Yr to Mar 31	77	(43.8)	1.35L♠	(0.17♠)	1.03L	(0.12L)	0.3☆	July 5	0.3	0.6	0.6
Huntleigh Tech §	Yr to Dec 31	70.1	(35.5)	6.66♠	(6.86)	11.45	(17.31)	3.25†	July 3	2.5	6	4.5
Ipeco	Yr to Dec 31	18.4	(20.3)	2.13♠	(2.35♠)	5.01	(5.45)	2.3	June 9	2.3	3.6	3.6
Jarvis	Yr to Dec 31	71.8	(70.8)	4.88L	(3.15L)	13.3L	(10.5L)	nil	-	nil	nil	nil
McCarthy & Stone	6 mths to Feb 28	25.1	(27.1)	1.3	(0.4L♥)	0.3	(0.6L)	nil	-	nil	nil	nil
Parambe	Yr to Dec 31	-	(-)	0.275L■	(0.039)	4.67L	(0.46)	0.6	July 7	0.55	0.6	1.1
PCT §	Yr to Dec 31	22	(21.2)	1.58	(1.47)	14.55	(11.26)	5	July 3	4.75	7.7	7.25
Ramco Oil §	Yr to Dec 31	7.57	(4.78)	1.62	(0.32)	5.56	(0.6)	1	July 28	0.5	1	0.5
St Ives	6 mths to Jan 27	127.8	(117.2)	15.7	(7.11♠)	11.16	(3.19)	2.5	June 9	1.9	-	6.4
Sears	Yr to Jan 31	2,144	(2,016)	153.8♥	(138.3♥)	7.5	(6.8)	2.9	June 30	2.68	3.95	3.68
S&U	Yr to Jan 31	61.8	(56.9)	6.05	(5.62)	33.03	(30.73)	9.5	July 1	8.1*	12.5	10.45*

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Contra-Cyclical	Yr to Mar 31	37.9	(57.6)	0.75	(0.8)	9.41	(9.97)	2.75	June 30	2.75	9.5	9.5
Emerg Markets Country	36 wks to Jan 31	-	(-)	0.003	(-)	0.005	(-)	-	-	-	-	-
Jove	-	-	-	-	-	-	-	3◆	May 31	2.9	6.8	6.8
Scottish National	6 mths to Mar 31	31.8	(42.9)	7.08	(6.04)	3.71	(3.09)	1.6	July 7	1.55	3.15	3.1
Shires High Yielding	3 mths to Mar 31	142	(144.7)	0.191	(0.126)	0.99	(1.01)	1.25	June 30	1.2	-	5.4

Dividends shown net. Figures in brackets are for corresponding period. †On increased capital. ♥After exceptional credit. ♠After exceptional charge. §USM stock. ☆Second interim in current 15-month period. ◆Second interim: total includes special of 0.8p. *Adjusted for scrip issue. ■After write-down.

Huntleigh Tech cut by US dispute

A one-off £3.1m exceptional charge for the settlement of a dispute with US authorities brought down pre-tax profits for 1994 by 2.9 per cent at Huntleigh Technology, the medical equipment manufacturer, writes Motoko Rich.

The surplus fell from £6.86m to £6.66m after the exceptional, which was related to a claim by the US government. It alleged that healthcare companies, including Huntleigh, had not met specifications for reimbursement under Medicare, the health insurance programme for the elderly, and claimed it had been overcharged.

While denying its liability, Huntleigh agreed to a settlement for a series of interest-free payments over a seven-year period totalling £3.1m, a provision for which was made in last year's accounts.

Earnings per share were 11.45p (17.31p) while the dividend is stepped up from 4.5p to 6p with a final of 3.25p.

Before the exceptional, pre-tax profits rose 42 per cent to £9.8m. Turnover doubled from £35.5m to £70.1m, largely because of the first-time full-year contribution from Nesbit Evans, the hospital bed manufacturer acquired in November 1993.

Nesbit contributed about £26m in turnover. Sales in the underlying businesses grew by 33 per cent, while profits grew 44 per cent.

UK sales represented 46 per cent of turnover following the Nesbit deal, with the rest of sales equally spread between the US, Germany, France and Australia.

Anglo United puts Coalite up for sale

By Michael Smith

Anglo United, the fuels group which once proposed to buy British Coal from the government, has put its Coalite smokeless fuel and Anglo Coal distribution businesses up for sale. The move could leave it with a rump of non-fuel assets, including the Falkland Islands Company.

It is the latest attempt to overcome problems which resulted from Anglo's highly leveraged takeover of Coalite, then a much larger concern, in 1989.

Mr John Gainham, managing director, said yesterday the company had been heavily indebted for five years and selling the coal companies would pay off much of the debt.

Debt stood at £102m at the end of the half year to September 30, 1994. At yesterday's unchanged share price of 1½p, the stock market valued Anglo at £13.8m.

Anglo has been selling businesses since its £487m acquisition of Coalite. Current attempts to sell the coal companies and the Seaham Harbour Dock in county Durham and chemicals and waterproof grout subsidiaries would leave it with relatively small interests in property and the Falkland Islands.

The decision to sell the coal companies followed Anglo's failed attempt to buy Coal Products, the British Coal smokeless fuels subsidiary.

Mr Gainham was unable to say what his company had bid. But he said the high price achieved by the government persuaded Anglo to see what it could raise for Coalite and Anglo Coal.

In the year to March 1994, Anglo United incurred pre-tax losses of £74.6m on sales of £518.5m, although the bulk of the deficit arose from the disposal of the Charringtons Fuel business to management for £41.5m. Operating profits were £21.9m. There were signs of improvement in the following half year, with pre-tax losses falling from £6.5m to £3.2m. Debt fell £26m to £102m and the loss per share from 0.8p to 0.4p. There was no dividend.

Lincoln National makes Canadian acquisition

Lincoln National is acquiring Laurentian Financial of Canada in a deal that will double the UK life insurer's size, writes Patrick Harverson.

The purchase of Laurentian, for an undisclosed sum, is the fourth acquisition by the rapidly growing Lincoln National in the past two and a half years.

It bought Liberty Life Assurance in January, and Citibank Life and Crown Unit Trust Management in 1993.

The insurer has been keen to expand quickly; as a subsidiary of an overseas parent – it is wholly owned by Lincoln National Corporation, the US investment and insurance group – it is regarded as vulnerable to a price war if it does not attain critical mass.

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14, rue Leon Thyes, L-2636 Luxembourg. R.C. Luxembourg No. B.6317

PAYMENT OF DIVIDEND

Notice is hereby given to shareholders that a final dividend for the year ended 31st December, 1994 of DEM0.70 for the European Bond Fund, US$0.60 for the Dollar Global Bond Fund, DEM1.08 for the DM Global Bond Fund, £0.40 for the Sterling Global Bond Fund, US$0.20 for the Yen Global Equity Fund, US$0.25 for the Yen International Equity Fund and US$0.40 for the Yen Global Bond Fund has been declared by the Board. This dividend will be paid on 27th April, 1995 to registered shareholders of the Fund who were on the register at 21st April, 1995.

This dividend will be paid from 27th April, 1995 to bearer shareholders against presentation of coupon No.1 for the European Bond Fund, coupon No.11 for the Dollar Global Bond Fund, coupon no.6 for the DM Global Bond Fund, coupon no.2 for the Sterling Global Bond Fund, coupon no.14 for the Yen Global Equity Fund, coupon no.15 for the Yen International Equity Fund and coupon no.18 for the Yen Global Bond Fund at any of the company's paying agents including its paying agent in London:

S.G.Warburg & Co. Limited

Credits Paying Agency, 2 Finsbury Avenue, London EC2M 2PA

from whom claim forms can be obtained. United Kingdom tax will be deducted from claims in the United Kingdom at the rate of 25% unless claims are accompanied by an affidavit.

26th April, 1995 MERCURY SELECTED TRUST (SICAV)

CONTRACTS & TENDERS

THE STATE OF ARIZONA, USA

is currently seeking competitive proposals for Consultant Services and International Trade Representation in Europe. The project is dedicated to promoting the sale of Arizona products into the European market as well as encouraging investment from Europe to Arizona. A copy of the Request for Proposal can be obtained by contacting:

Arizona State Procurement Office
Professional Services Division
1700 W Washington, #101
Phoenix, AZ 85007 USA
Telephone: (602) 542-5611
Fax: (602) 542-5508
Attn.: Ms. Vicky Trevino, Administrative Asst.

PERSONAL

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CORRECTION NOTICE

Ville de Montréal

Can$200,000,000

Floating Rate Notes, Due January 10, 2000

NOTICE IS HEREBY GIVEN that for the Interest Period 10th April, 1995 to 10th July, 1995, the interest rate will be 8.3785% per annum.

The interest payable on 10th July, 1995 against Coupon No. 2 will be Can$21.18 per Can$1,000 Note, Can$211.79 per Can$10,000 Note, and Can$2117.92 per Can$100,000 Note.

Bank of Montreal London

as Calculation Agent 26th April, 1995

LEGAL NOTICES

BLOOM SIGNS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a meeting of the creditors of the above-named company will be held at The Hertfordshire Moat House, M1 Junction 9, London Road, Markyate, Hertfordshire, AL3 8HH on Friday, the 5th day of May 1995 at 10:30am, for the purposes mentioned in Section 99, 100 and 101 of the said Act.

Statements of claim, and proxy forms if applicable, must be lodged at KPMG, Aquis Court, 31 Fishpool Street, St Albans, Hertfordshire, AL3 4RF not later than 12 noon on the 4th day of May 1995.

A list of names and addresses of the company's creditors may be inspected, free of charge, at the offices of KPMG, 20 Farringdon Street, London EC4A 4PP on the 3rd and 4th May 1995.

Dated this 21st day of April 1995

By order of the Board

C McDowall Director

COMPANY NEWS: UK AND IRELAND

Manufacturing boost for Boosey & Hawkes

By David Blackwell

Pre-tax profits at Boosey & Hawkes rose by 16 per cent last year, driven by a strong performance from its instrument manufacturing division.

The rise, from £4.38m to £5.09m ($8.24m), followed a 14.5 per cent gain in worldwide sales from £72.2m to £82.7m.

Mr Richard Holland, chief executive, said the results gave a clear signal of the progress the group was making in coming out of recession. Sales had increased worldwide with the exception of Japan, which accounts for about 20 per cent of the group's market, where sales were stable.

Richard Holland: group is coming out of the recession

Overall sales to east Asia were helped by growth in emerging markets, particularly South Korea, Malaysia and Singapore. Other east Asian countries were also likely to increase their interest in Western music, including China.

The instruments division, which makes brass, woodwind and strings, lifted operating profits by 17.5 per cent to £3.34m on sales nearly 15 per cent ahead at £60.9m. The profits were depressed by a £300,000 charge for reorganising distribution in Canada. Karl Hofner, the German stringed instrument maker acquired a year ago for £390,000, will start to contribute to profits this year.

The music publishing division, which has just taken on Sir Harrison Birtwistle, lifted operating profits by 3.1 per cent to £4.43m on turnover of £21.9m, 14 per cent ahead.

Mr Holland said the group had started this year well and was in a good position to benefit from the end of the recession.

Net borrowings at the year-end were £14.1m (£16.7m) giving gearing of 56.2 per cent.

Ferraris slips as dollar falls

Pre-tax profits at Ferraris Group, the specialist engineering and medical products company, slipped from £350,000 to £333,000 ($539,000) for the half year to February 28.

Turnover rose 22 per cent to £6.3m (£5.18m), largely because of the acquisitions of Nottingham-based C&H Precision Finishers and Jenaer Gewindetechnik, the German subsidiary.

Mr Ken Baker, chairman, said the result had been affected by new product costs and the fall in value of the dollar.

He added that the medical products division had received a warning letter from the US Food and Drugs Administration about the recording of certain production procedures in London. This had not affected the first half result.

N&P will not be rushed on Abbey National approach

By Alison Smith

National & Provincial Building Society yesterday stated firmly that it would not be bounced into an early decision on its future by Abbey National's statement on Monday that it was seeking takeover talks.

N&P, the ninth largest society with £13.3bn ($21.5bn) in total assets, also fuelled speculation that it was some way towards reaching a deal with another organisation, stating that it was continuing to have discussions with "a number of relevant third parties".

The future of N&P will be raised today at the society's annual meeting in Bradford, when Lord Shuttleworth, its chairman, will seek to reassure members that the board would act in their best interests.

Yesterday, N&P said its board would evaluate all relevant options and then make a recommendation. "This is likely to take some time."

Abbey's statement on Monday – which appeared to be the nearest approach yet to a hostile bid for a society – is likely to be raised at the home loans and banking group's own annual meeting tomorrow.

Abbey's statement said that it would be able to offer N&P's 2m-plus members "a substantial premium" to N&P's net asset value of £732m.

Since the collapse in October 1993 of its plans to combine with Leeds Permanent, N&P has consistently been the subject of merger speculation.

CRH ponders whether bigger means better

Ireland's second-biggest company is reviewing its acquisition strategy, reports John Murray-Brown

A record number of foreign acquisitions has been made in the past year by CRH, the Dublin-based building materials group, so it might seem odd for the company to question its takeover strategy. But that is what Mr Don Godson is doing.

CRH's chief executive took the company's top management to a County Clare hotel for a rethink. He wanted to "challenge the company's prejudices" – a phrase picked up during his 17 years as head of CRH's US operations.

Mr Godson, who was promoted in October, has embarked on a comprehensive review of the past decade's performance of Ireland's second largest company, which has its headquarters in an old castle on the Dublin "Pale".

In that time market value has grown from I£197m to I£1.35bn (£1.38bn), with pre-tax profits rising more than 12-fold to I£116.1m.

"We'll be doodling it out in spheres and cubes, looking at earnings per share, at the type and number of transactions, down to the number of papers that have to go to the board for approval," he said before the trip.

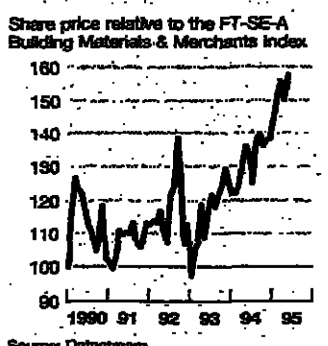
Mr Godson is an old CRH hand. According to analysts, he is struck from the same mould as Mr Tony Barry, a former chief executive who used to ascertain the quality of a builders merchant by watching stock and traffic movements from the perimeter fence.

"It is rather like the way in which Liverpool [the football club] has handled management succession," said one. "It's seamless. They like to promote from within, people with the same simple values and philosophy as their predecessors."

Today, however, the company is increasingly catching investors' eyes. Non-Irish institutions now hold about 40 per cent of the stock.

It has stuck to what it knows best: developing a traditional range of building products and services in an increasing number of countries. While CRH argues that at least one of its main markets should be performing at any one time, in 1994 it enjoyed earnings growth in all its main regions: Ireland, the UK, continental Europe and the US.

CRH



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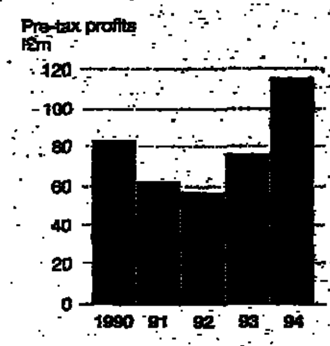
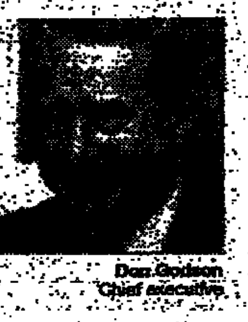




Don Godson
Chief executive

One London-based analyst described the company as Ireland's equivalent to RMC, the British concrete producer regarded by many observers as the best in the sector.

Like RMC, CRH has allied a simple philosophy of spreading risk geographically with tough operational skills in quarrying, concrete and cement production, and building products.

Management has also been tested by acquisition, a process which is still going on. In 1994, the group spent I£159m on 14 deals.

One analyst said: "When looking at acquisitions, everyone tends to look at earnings dilution, but management dilution can be just as much of a problem if a company takes its eye off the ball and disregards its core business."

The group's preferred method has been to target owner-run operations. More often than not, the owners are retained as managers. As Mr Godson said: "Some of them thought they would stay on for six months and 16 years later they're still with us."

Strong cash generation has helped fund the acquisitions. Last year it spent I£210m on buying companies and in capital investment. Net debt, however, increased by only I£65m to I£131.5m, including convertible bonds, giving year-end gearing of 21 per cent, compared with 11 per cent. The latter figure was helped by a I£147m rights issue, which CRH said would be used to fund acquisitions for two years.

"If we stop acquiring in any year, our ratio of debt to shareholders' funds would drop by about 20 per cent," said Mr Godson.

Until now CRH has focused on mature markets such as Europe and the US. But not all the deals have worked out.

In one of its first foreign moves, CRH bought a small block business from Lafarge, the French cement group. "In the end, we were happy to sell the plant back to them," said Mr Godson. He put the cost at "about what it would cost us to get McKinsey [the researchers] to do a study on the difficulties of doing business in France".

In 1994, CRH ventured into a less developed market, buying a stake in Canteras Cerro Negro, an Argentine roof tile producer.

It is also said to be eyeing central Europe and east Asia.

CRH is clearly comfortable with a step-by-step approach. However, with such a strong cash position, some analysts are asking if it should become more assertive and go for a big deal in 1995. That question was probably at the start of the management brainstorming.

"1994 was a year of substantial growth for Independent Newspapers – **with more than half of company profits coming from outside Ireland.** The company reported very satisfactory results, with improved profits in Australia, France and Britain, as well as Ireland. 1994 also marked the year in which South Africa was included in the company results for the first time. Our objective is to create an international news media organisation of the highest editorial standards on a **worldwide** basis.

"Our shareholders will be pleased to learn that Independent Newspapers is now the number one newspaper company in both Ireland and South Africa. The company is also the fourth largest newspaper group in Australia and has the largest radio network there.

"Given the wide array of countries and businesses in which the company operates, there are significant opportunities for profitable growth in the next five years.

"Once again final dividends are up – 16% on last year's figure. This is yet a further example of Independent Newspapers commitment to providing value for money to shareholders.

"In summary, 1994 has been an excellent year with Independent Newspapers' vision for international growth coming sharply into focus. We are in the **right** markets with the **right** products at the **right** time."

Dr A.J.F. O'Reilly
Chairman

Independent Newspapers Around the World

OPERATING HIGHLIGHTS

Ireland

- Ireland's largest newspaper publishing Group.
- Increased contribution from publishing operations.
- Share of national newspapers' advertising revenue increased.
- Aggregate cable and MDS customer base increased 11% to 114,400 (Princes Holdings – 50% owned).

Australia

- Australian Provincial Newspapers pre-tax profit increases 20% to A$34.0 million (25% indirect holding).
- Purchase of Wesgo Limited in December 1994. Purchase of Gold 104FM subsequent to year end and purchase of Australian Radio Network radio companies, making APN the largest radio network in Australia.
- Purchase of 26% stake in Cody Outdoor Advertising in February 1995, the leading supersite advertising company.

South Africa

- Purchase of 34.98% interest in Argus Newspapers, the largest newspaper group in South Africa. This was increased to 58.23% in March 1995.

United Kingdom

- Purchase of 28.76% interest in Newspaper Publishing PLC – publisher of 'The Independent' and 'The Independent on Sunday'. In March 1995, arrangements were agreed in principle for Independent to hold a 43% shareholding in Newspaper Publishing.
- Purchase of 75.1% interest in Capital Newspapers Ltd to create London's largest paid-for regional newspaper group.
- Establishment of Sporting Publications Division.
- Buspak UK (50% owned) is now the largest bus transit advertising company.
- Improved trading at Commuter Publishing Partnership.

France

- Increased trading for Sirocco, ranked number two in its outdoor advertising market.
- Expansion of sales of street furniture and municipal services.

Portugal

- Purchase of 7.9% strategic stake in Jornalgeste SGPS, the largest newspaper publishing group in Portugal.

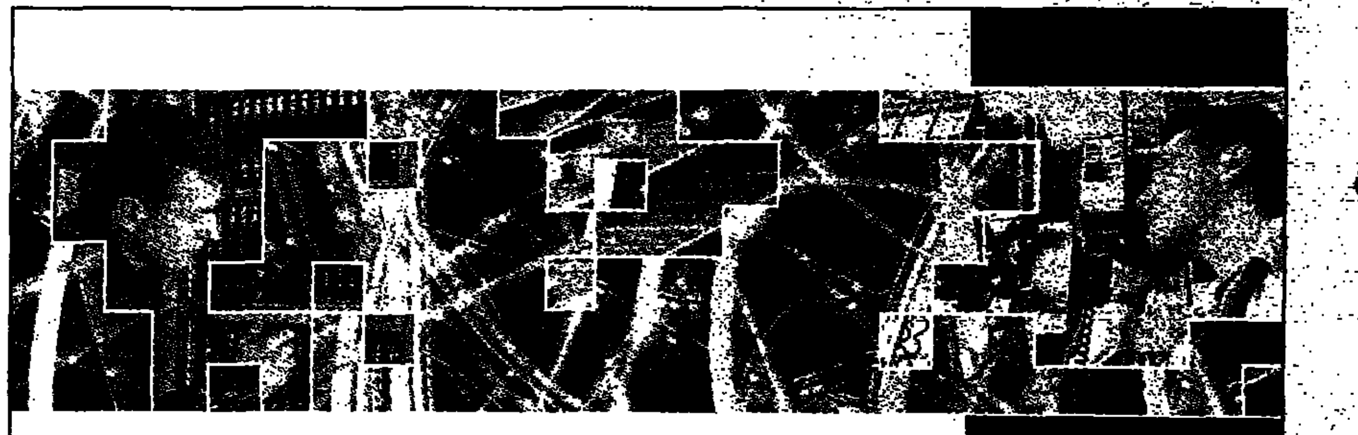
FINANCIAL HIGHLIGHTS

	1994 IR£000	1993 IR£000	
Operating Profit	41,520	29,191	+42%
Profit before Taxation	37,736	26,479	+43%
Earnings per Share*	20.0p	18.0p	+11%
Dividends per Share*	8.5p	7.3p	+16%
Shareholders' Funds	246,858	185,563	+33%

*Adjusted for Bonus Issue.

INDEPENDENT NEWSPAPERS, PLC

Full financial statements for the year ended 30 December 1994 will be delivered to the Registrar of Companies and carry an unqualified Audit Report.
Copies of the Report may be obtained from The Secretary, Independent Newspapers, PLC, 1-2 Upper Hatch Street, Dublin 2.

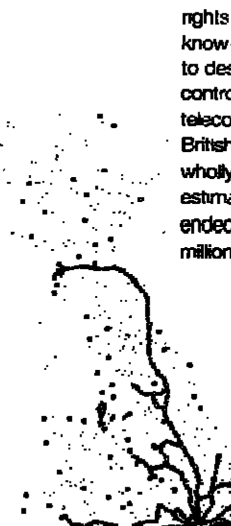


Vendor Unit

The Sale of BR Telecommunications Limited

As part of the Government's privatisation programme, the British Railways Board (BRB) invites organisations to register their potential interest in acquiring BR Telecommunications Limited (BRT).

BRT controls or enjoys all the rights over the asset base, staff, know-how and property necessary to design, supply, maintain and control almost the entire telecommunications needs of the British railway. BRT is currently wholly owned by BRB. Its estimated revenues in the year ended 31 March 1995 were £170 million.



BRT is believed to have the largest non-PTO held non-military telecommunications infrastructure in Britain. The company's network extends over 16,000 route km of which 3,800 route km is optic fibre cables. It passes through virtually all the major towns and cities in Britain.

BRT is one of the country's largest third party telecommunications maintainers. The telecommunications engineering expertise in BRT's projects business is internationally recognised.

This is an opportunity to purchase a profitable business with established contracts with railway customers. It offers a purchaser the opportunity to provide telecommunications, maintenance and engineering services to both railway and non-railway customers. BRT is well placed to take advantage of opportunities arising from the removal of the constraints of public ownership.

Interested parties should contact:

BRT Team
Corporate Finance
Swiss Bank Corporation
Swiss Bank House
1 High Timber Street
London EC4V 3SB

Tel: +44 171 711 2351
Fax: +44 171 711 2143

Swiss Bank Corporation

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هكذا من الاصل

COMMODITIES AND AGRICULTURE

MARKET REPORT

LME copper tumbles as investment funds pull out

A heavy sell-off in COPPER market yesterday was the catalyst for losses in all LME contracts, with fundamentals simply brushed aside by over-riding technical pressure, traders said.

Investment fund sales and influential liquidation sent the three months delivery copper price to $2,739 a tonne at the close, down $94.50 from the previous close. The triggering of stop-loss selling orders at various levels had accentuated the decline before a stand was made at a five-month low of $2,730. A late rally encouraged by Far Eastern buying continued in after hours "kerb" trading and the price ended at $2,745 a tonne.

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	-25,100	to 1,095,975
Aluminium alloy	-40	to 25,540
Copper	-200	to 208,575
Lead	-3,275	to 283,150
Nickel	-782	to 115,020
Zinc	-5,325	to 973,825
Tin	-305	to 19,765

ALUMINIUM prices also crashed, falling to $1,802 a tonne for three months delivery in mid-afternoon on speculative selling, a 5 per cent decline from Monday. Strong support and consumer interest at this level helped the prices rally back to $1,831, a $59 on the day.

Trends in other LME metals were dictated by copper and aluminium with declines to the lows in mid-afternoon partially erased by kerb covering.

Compiled from Reuters

Yen rise seen closing more zinc plants

By Kenneth Gooding, Mining Correspondent

Speculation about a radical restructuring of the Japanese zinc smelting industry is growing following the recent warning by Mitsubishi Materials that it is likely to withdraw from the business this year.

Mitsubishi will make a final decision in May about the closure of its Akita plant, removing about 95,000 tonnes of annual production. Analysts suggest other Japanese zinc production cuts might follow because the country's industry is suffering from the high value of the yen compared with the US dollar (the currency in which most zinc is traded) and shortages of raw material supplies, while some other Japanese smelters use the same high-cost REL – roast-leach-electrowin – technology as Akita.

Mr Jim Lennon analyst at Macquarie Equities, part of the Australian banking group, says between 115,000 and 170,000 tonnes of output could be lost if other Japanese smelters close.

At Bain Securities, a Deutsche Bank subsidiary, Mr Wiktor Bielski, suggests: "We expect more closures in Japan in the medium term, although security of supply remains a critical issue and should prevent a rapid closure programme. Much depends on the smelters' ability to tie-up captive capacity elsewhere in the Asian region to supplement the lost capacity".

Mr Lennon also expects other Asian smelters, particularly in China, where large expansions in smelter capacity have been recorded in recent years, to fill the gap left by Japanese closures.

He also points out that in 1986-87, when the Japanese industry faced similar problems, the smelters negotiated a 40 per cent reduction in power tariffs, which helped them to survive. They should be able to negotiate favourable tariffs again, he says.

Zinc output in Japan fell from 730,000 tonnes in 1992 to 658,000 tonnes last year. Macquarie predicts it will fall again to 640,000 tonnes in 1995, compared with the smelting capacity of 847,000 tonnes.

● The International Lead and Zinc Study Group suggests in its latest trends survey that world-wide zinc consumption this year will grow by 4.5 per cent from 6.88m tonnes in 1994 to 7.19m tonnes. Zinc metal production, meanwhile, is predicted to grow by 2.7 per cent from 7.09m tonnes to 7.28m tonnes.

World lead consumption this year is forecast by the study group to remain stable at 5.38mn tonnes with metal production at 5.45m tonnes.

JAPANESE ZINC SMELTERS

Plant	Operator	Technology	Capacity '000 tonnes a year	Estimated output '000 tonnes
Annaka	Toho Zinc	RLE	143	100
Kamioka	Mitsui	RLE	72	55
Hikoshima	Mitsui	RLE	84	50
Akita	Mitsubishi	RLE	106	85
Iijima	Akita Zinc	RLE	156	155
Harima	Sumitomo	ISF	85	75
Hachinohe	Hacinohe JV	ISF	101	90
Mikkaichi	Nippon	ET	100	30
Total			847	840

RLE = Roast-Leach-Electrowin, ISF = Imperial Smelting Furnace, ET = Electrothermic. Source: Macquarie Equities

Namibia wins out in catchweight contest

The country has seen off the Spaniards who were poaching its fish, writes John Madeley

Five years ago fish stocks in the waters of Namibia, potentially among the world's richest fishing grounds, lay devastated.

Prior to independence in 1990 the country's 200-mile fishing zone was one of the world's few unregulated coastal areas; and Spanish trawlermen were not shy about taking advantage. At the time of independence 170 Spanish vessels were regularly trawling in Namibian waters.

According to a fact-finding mission by European Member of Parliament, Mr David Morris, between 1970 and 1990, "over 8,585,000 tonnes of hake were swept out of Namibia's waters, leaving the hake biomas at only 20 per cent of its 1969 level".

With stocks so depleted, the post-independence government resolved to get tough with the Spanish and other fishing fleets. Its determination to pursue a policy of frugal management of the country's fishing zone has led to a revival of stocks and shown how a developing country can stand up to a major fishing nation.

Hake, pilchards, mackerel and anchovy swim in Namibia's zone, which covers an area of 160,000 square nautical miles and benefits from a nutrient-rich ocean current. Between 1964 and 1968, as foreign fishing fleets discovered Namibia's rich waters, catches of hake rose over 13-fold, from 47,600 tonnes to 629,100.

In 1990 more than 80 per cent of the hake being caught off Namibia was classed as "juvenile" – less than a year old – a dangerously high proportion.

Facing the savage depletion of its hake stocks, the new government asked all foreign fleets to stop fishing in its 200-mile zone, pending a new fisheries policy. Most Spanish vessels complied, but about 30 continued to fish.

After requests to stop this trawling had failed, Namibia's Ministry of Sea Fisheries mounted a helicopter raid in late 1990 and seized five Spanish boats, arresting the captains. But the fishing continued, and in March 1992 the Spanish boats "Egunsentia" and "Hermanos Garrido" were spotted in Namibian waters; on one occasion the Namibian authorities opened fire.

Surveillance systems have now stopped most of the poaching. In addition to investing in a giant helicopter, the government has received patrol boats under Danish and Norwegian aid programmes, plus a fixed-wing aircraft from France.

The poaching has also stopped because Spanish trawlers have gradually come to accept Namibia's new fisheries policy. This severely restricts the number of licences granted to foreign boats to fish its waters, and encourages joint ventures between foreign and local interests.

Foreign trawlers can still profit from Namibia's fishing grounds, but only on a joint venture basis. "The aim is to change the nature of European involvement in Namibian fishing," says Mr Paul Goodison of the European Research Office, which researches EU policy towards Southern Africa, "instead of Europe's boats freezing and processing catches on board, Namibia wants boats that will land the fish wet so that it can be processed on land".

Namibia's Ministry of Fisheries says the policy encourages the right kind of investment and estimates that 1500 new jobs a year are being created in the fisheries sector – which may soon overtake mining as the country's chief employer. Fish exports are growing at over 20 per cent a year and were estimated at around N$1.3bn (US$365m) in 1994.

The Namibian government has sufficient confidence in its fisheries policy to reject the idea of an agreement with the European Union that would allow Europe's boats access to its 200-mile zone, similar to that which Senegal, for example, has with the EU.

"Fishing access agreements which reserve quotas for specific foreign fleets would divert quotas from Namibian rights holders," it says; "the local fishing industry has proved it has the capacity to efficiently harvest all available resources in a way that is of great benefit to Namibia."

The signs are that fish stocks are now recovering. In 1993, Namibia's fish catch was 329,790 tonnes, the fifth highest in Africa, behind Morocco, South Africa, Ghana and Tanzania. The differences between now and earlier decades are that the catch should be sustainable and that local people are enjoying more of the benefits.

John Madeley is the author of "Fish: a Net Loss for the Poor", published by the Panos Institute, 9 White Lion Street, London N1 9PD.

Belize expects to triple shrimp production in 5 years

By Canute James in Kingston

Belize's expanding shrimp industry expects to triple production in the next five years and to expand markets in Europe. Exports which were 1.1m lb last year are expected to grow to over 3m lb, according to industry officials.

The Central American country has identified just over 12,000 hectares along its coast that are suitable for shrimp farming and several foreign investors, mainly from the US, have indicated an interest in the industry, says Mr George Myvette, Belize's senior fisheries officer.

Most of Belize's exports go to the US, but with the planned expansion to European markets the country can earn up to US$15m a year, says Mr Myvette. Shrimp farming began in Belize 15 years ago and farms now cover 600 hectares. There was some contraction in the late 1980s, mainly because of poor management, say officials, but most farms have recovered.

"We use mainly the Pacific white shrimp which is highly productive," says Mr Myvette. "We tried with other species such as the Pacific blue and the South-east Asian giant prawn, but both of these were discontinued as they were affected by virus and produced low yields."

The expansion of the industry will depend on the speed with which Belize can improve its supply of seed stock. The country has only two hatcheries and most of the seed stock is imported from Costa Rica, Panama and the US.

The estimated 12,000 acres along the Belize coastal plain that has been identified as being suitable for shrimp farming has the right combination of soil, topography, salinity and oxygen content for semi-intensive production, says Mr Myvette. Yields are between 2,000lb and 3,700lb a hectare per harvest, with harvests coming every four and a half months and six months.

There is, however, increasing concern about the impact of shrimp farming on the environment, particularly on the mangroves, sea-grass beds and coral reefs of the coastal plain. "We encourage the establishment of farms behind the mangroves to reduce the risk of damage to the ecology," says Mr Myvette.

FAO forecasts world cereals stocks below safety level

Global cereal stocks could decline in 1995-96 to below what the United Nation's Food and Agriculture Organisation (FAO) regards as minimum safety levels, the FAO says in its latest Food Outlook, reports Reuters from Rome.

"In aggregate for all cereals, even assuming another good paddy crop, global cereal stocks at the end of the 1995-96 seasons could decline further to below minimum safety levels," the FAO says in the March-April issue of its outlook report.

"Any significant deterioration in the 1995 cereal crop prospects, especially for wheat, would adversely affect the outlook for global food security in 1995-96 and beyond."

The report forecasts a modest recovery in 1995 wheat output but a sharp decline in coarse grains.

The agency's first provisional forecast for the year puts world wheat production at about 555m tonnes, some 26m tonnes above the below-average crop harvested in 1994. But the forecast for this year's coarse grains production points to a 4 per cent dip to 850m tonnes, largely because of an expected return to normal production in the US following 1994's record.

The FAO warns that the estimates are tentative and may have to be revised in the event of unfavourable growing conditions.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1827-8	1817-8
Previous	1896-7	1882-3
High/low		1878/1802
AM Official	1839-41	1828-30
Kerb close		1831-31.5
Open Int.	196,165	
Total daily turnover	64,530	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1710-20	1740-50
Previous	1755-65	1780-90
High/low		1745/1735
AM Official	1715-25	1740-50
Kerb close		1735-45
Open Int.	2,433	
Total daily turnover	275	

■ LEAD ($ per tonne)

Close	605-6	617-8
Previous	629-30	640-41
High/low		638/617
AM Official	618-20	631-32
Kerb close		620-1
Open Int.	32,851	
Total daily turnover	6,197	

■ NICKEL ($ per tonne)

Close	7220-30	7330-40
Previous	7425-35	7550-60
High/low	7220	7525/7260
AM Official	7190-200	7320-25
Kerb close		7350-60
Open Int.	48,877	
Total daily turnover	12,410	

■ TIN ($ per tonne)

Close	5910-20	5920-30
Previous	6030-40	6030-40
High/low		6030/5910
AM Official	5960-70	5965-70
Kerb close		5940-50
Open Int.	18,306	
Total daily turnover	3,816	

■ ZINC, special high grade ($ per tonne)

Close	1055.5-56.5	1078-79
Previous	1072-3	1095-6
High/low	1066	1100/1070
AM Official	1066-66.5	1086-88
Kerb close		1080-1
Open Int.	89,114	
Total daily turnover	23,563	

■ COPPER, grade A ($ per tonne)

Close	2756-57	2738-40
Previous	2850-51	2833-34
High/low	2778	2810/2730
AM Official	2780-81	2758-59
Kerb close		2745-6
Open Int.	239,604	
Total daily turnover	90,588	

■ LME AM Official £/$ rate: 1.6164
LME Closing £/$ rate: 1.6103

Spot:1.6137 3 mths:1.6115 6 mths:1.6094 9 mths:1.6042

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Apr	127.05	-1.95	128.10	127.00	479	230
May	128.10	-2.15	127.90	125.70	12,572	3,207
Jun	125.25	-2.30	126.50	125.50	1,050	37
Jul	124.20	-2.65	127.25	123.85	22,526	7,338
Aug	123.55	-2.50	124.80	123.85	502	183
Sep	122.75	-2.50	125.00	122.75	4,142	489
Total					48,218	11,581

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	389.80-390.20		
Opening	389.70-390.10		
Morning fix	390.20	242.571	442.871
Afternoon fix	389.75	240.705	439.196
Day's High	390.70-391.10		
Day's Low	389.00-389.40		
Previous close	391.20-391.60		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.16	6 months	5.15
2 months	5.16	12 months	5.16
3 months	5.15		

Silver Fix	p/troy oz.	US cts equiv.
Spot	348.65	562.75
3 months	354.00	570.45
6 months	359.85	578.50
1 year	373.50	596.70

Gold Coins	$ price	£ equiv.
Krugerrand	393-396	245-248
Maple Leaf	401.05-403.60	
New Sovereign	91-94	57-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	390.1	-0.8	390.5	390.0	165	2
May	390.3	-1.3	-	-	339	10
Jun	392.3	-0.8	393.4	391.3	101,701	14,778
Aug	395.6	-0.9	396.4	394.5	23,800	770
Oct	398.8	-0.8	399.2	398.6	7,229	1
Dec	402.6	-0.9	403.2	402.0	16,393	285
Total					198,897	15,965

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	442.8	-1.3	443.0	438.0	97	2
Jul	441.8	-1.3	442.0	438.0	17,592	817
Oct	444.1	-1.3	442.0	439.0	3,371	22
Jan	446.3	-1.6	446.3	444.0	1,375	-
Apr	449.3	-1.6	-	-	632	-
Total					23,067	841

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	163.25	-2.10	-	-	20	-
Jun	164.25	-2.10	164.50	162.50	4,507	178
Sep	166.25	-2.00	166.25	164.50	2,014	30
Dec	167.50	-2.00	-	-	187	2
Total					6,708	208

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	571.7	+5.2	-	-	29	25
May	571.7	+5.2	574.5	560.0	24,935	14,840
Jul	578.3	+5.2	582.0	568.0	20	-
Sep	584.2	+5.4	584.5	572.0	50,352	7,951
Dec	592.9	+5.2	596.5	584.5	9,298	1,057
Jan	595.7	+5.1	-	-	15,199	1,168
Total					126,897	25,077

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jun	20.16	+0.04	20.17	19.97	113,425	48,600
Jul	19.84	+0.07	19.84	19.65	54,863	20,355
Aug	19.48	+0.05	19.48	19.35	26,343	11,349
Sep	19.15	+0.03	19.15	19.05	20,862	5,955
Oct	18.94	+0.02	18.94	18.87	15,168	3,994
Nov	18.70	-0.06	18.72	18.70	11,391	2,071
Total					353,678	100,394

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jun	18.67	+0.12	18.70	18.41	83,302	21,345
Jul	18.22	+0.17	18.24	17.98	22,738	11,336
Aug	17.92	+0.18	17.92	17.71	18,238	3,327
Sep	17.66	+0.12	17.66	17.50	9,785	2,038
Oct	17.41	+0.01	17.44	17.41	7,803	459
Nov	17.41	+0.08	17.41	17.30	2,728	115
Total					141,996	40,873

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
May	50.15	+0.13	50.25	49.75	18,351	12,821
Jun	50.35	+0.24	50.35	49.90	33,852	10,415
Jul	50.45	+0.06	50.50	50.02	20,410	3,176
Aug	50.70	+0.01	50.75	50.45	8,947	1,558
Sep	51.40	+0.01	51.40	51.30	5,962	935
Oct	52.24	+0.10	-	-	5,013	349
Total					126,531	30,428

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	160.50	+1.75	160.75	157.50	23,087	5,347
May	157.75	+0.75	157.75	155.75	24,742	7,650
Jul	156.50	+0.50	158.50	154.75	14,513	5,170
Aug	157.50	+0.50	157.50	156.00	4,372	1,707
Sep	159.00	+0.50	158.50	157.25	4,898	270
Dec	164.25	+0.25	164.50	163.25	13,185	1,285
Total					92,421	28,117

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Jun	1.710	-0.003	1.723	1.695	25,494	7,709
Jul	1.725	-0.002	1.735	1.721	20,468	2,087
Aug	1.735	-	1.737	1.730	14,816	1,292
Sep	1.740	+0.002	1.740	1.730	15,797	704
Oct	1.770	-0.001	1.775	1.760	11,983	726
Nov	1.845	+0.005	-	-	8,470	287
Total					143,868	14,084

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
May	62.15	-0.06	62.30	61.70	19,288	14,756
Jun	61.10	-0.04	61.30	60.80	33,821	10,166
Jul	59.85	-0.12	60.05	59.75	13,190	3,157
Aug	58.85	+0.03	58.90	58.65	6,014	628
Sep	57.60	+0.08	57.70	57.65	2,923	2,923
Oct	55.85	-0.02	55.85	55.85	1,763	1,763
Total					78,914	29,817

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	119.40	-0.55	119.90	119.20	1,090	178
Jul	120.50	-0.45	120.70	120.20	752	79
Sep	104.95	+0.55	105.00	104.50	385	25
Nov	105.95	+0.60	106.00	105.50	2,724	179
Jan	107.85	+0.45	108.00	107.80	929	20
Mar	109.25	+0.10	-	-	480	-
Total					6,454	488

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
May	354/0	+2/0	357/4	352/4	8,459	2,752
Jul	354/0	+7/0	356/4	349/6	33,555	8,184
Sep	360/2	+7/2	363/4	355/0	5,862	782
Dec	373/0	+7/2	375/4	367/0	5,371	441
Mar	378/0	+7/4	379/0	372/4	509	34
Jul	342/0	+4/0	345/2	339/0	58	12
Total					53,814	12,206

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
May	248/4	+1/4	248/6	247/0	47,173	15,236
Jul	255/2	+1/2	257/0	254/0	125,939	12,084
Sep	260/2	+1/4	261/4	258/6	27,280	862
Dec	263/6	+2/0	265/0	262/0	118,322	7,151
Mar	270/0	+1/6	271/2	268/2	11,887	201
May	274/4	+2/0	275/4	272/4	810	10
Total					342,494	35,626

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	111.50	-0.25	111.50	111.00	112	5
Sep	103.75	+0.50	-	-	138	-
Nov	105.25	+0.55	105.50	104.80	584	30
Jan	107.25	+0.65	107.25	106.75	236	42
Mar	108.80	+0.50	-	-	106	-
May	110.00	+0.60	110.00	109.50	15	5
Total					1,191	82

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
May	568/2	-1/2	572/0	566/0	21,482	10,361
Jul	580/2	-1/4	584/0	578/0	58,086	15,647
Aug	585/2	-1/4	589/0	583/0	8,866	408
Sep	589/2	-1/2	593/0	587/0	4,930	272
Nov	598/2	+0/6	601/0	595/0	37,396	3,807
Jan	606/2	+0/4	608/4	603/0	2,661	187
Total					137,755	30,881

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
May	25.63	-	25.82	25.61	15,947	3,570
Jul	25.37	+0.06	25.53	25.31	34,167	7,449
Aug	25.34	+0.07	25.49	25.29	8,447	399
Sep	25.31	+0.11	25.40	25.20	8,334	560
Oct	25.22	+0.16	25.28	25.11	6,228	126
Dec	25.07	+0.20	25.15	24.92	14,276	838
Total					88,856	13,067

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
May	162.9	-1.1	164.0	162.3	16,861	3,847
Jul	168.4	-0.9	169.5	167.7	37,044	7,099
Aug	170.5	-0.8	171.7	170.1	9,986	498
Sep	172.7	-0.5	173.7	172.2	7,625	193
Oct	174.6	-0.7	175.7	174.2	10,137	47
Dec	178.0	-0.3	179.2	177.5	13,930	940
Total					96,795	12,821

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	317.5	+7.5	321.0	315.0	163	23
Jun	250.0	-	-	-	-	-
Nov	105.0	-	-	-	-	-
Mar	250.0	-	-	-	-	-
Apr	118.0	-3.0	120.0	116.0	270	52
May	134.0	-1.0	-	-	-	-
Total					435	75

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	2315	-10	2325	2315	626	5
May	2300	-32	2340	2300	1,041	151
Jun	2185	-45	2240	2185	287	33
Jul	2002	-34	2040	2002	1,099	17
Oct	1970	-25	1995	1965	1,134	12
Jan	1980	-9	-	-	417	-
Total					4,604	216

	Close	Prev
BFI	2313	2310

Minor Metals
European free market, from Metal Bulletin, $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). Antimony: 99.6%, $ per tonne, 3,500-3,600 (3,900-4,100). Bismuth: min. 99.99%, tonne lots 3.15-3.35 (3.25-3.50). Cadmium: min. 99.5%, 105-115 (110-120) cents a pound. Cobalt: MB free market, 99.8%, 27.50-28.00 (27.00-27.50); 99.3%, 25.70-26.20 (25.00-26.00). Mercury: min. 99.99%, $ per 76 lb flask, 138-155 (138-150). Molybdenum: drummed molybdic oxide, 9.50-10.50 (10.00-11.00). Selenium: min 99.5%, 3.20-4.10. Tungsten ore: standard min. 65%, $ per tonne unit (10kg) WO_3, cif. 59-70. Vanadium: min. 98%, cif, 3.40-3.80 (3.80-4.00). Uranium: Nuexco exchange value, 7.35.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	948	-13	954	943	15,106	681
Jul	976	-9	982	973	21,223	3,047
Sep	997	-7	1001	993	19,257	1,329
Dec	1022	-5	1024	1018	23,782	1,943
Mar	1042	-7	1045	1040	24,322	1,049
May	1052	-7	-	-	6,195	-
Total					120,929	8,065

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
May	1391	-	1393	1384	2,830	290
Jul	1391	-	1395	1383	27,887	4,401
Sep	1414	+3	1415	1404	14,429	658
Dec	1446	+2	1451	1443	10,727	679
Mar	1480	+2	-	-	6,047	10
May	1499	+2	-	-	4,543	-
Total					73,750	6,038

■ COCOA (ICCO) (SDR's/tonne)

April 24	Price	Prev. day
Daily	957.13	953.85

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	3196	-2	3228	3174	8,715	3,012
Jul	3183	-10	3224	3170	16,440	3,432
Sep	3150	-6	3187	3140	8,991	484
Nov	3133	-8	3170	3133	1,943	59
Jan	3113	-10	3155	3113	316	29
Mar	3093	-12	3110	3093	8	4
Total					34,413	7,020

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	174.95	-0.10	176.25	172.60	652	333
Jul	178.35	+0.05	178.95	175.55	17,393	5,274
Sep	180.45	-0.10	181.00	178.20	7,781	1,941
Dec	181.25	-0.50	181.50	180.00	5,589	291
Mar	183.70	+0.95	182.75	182.25	1,732	74
May	184.50	+0.75	-	-	64	-
Total					33,209	7,914

■ COFFEE (ICO) (US cents/pound)

Apr 24	Price	Prev. day
Comp. daily	165.05	163.32
15 day average	156.63	158.06

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	13.42	-0.13	13.42	13.26	1,267	42
Jul	13.20	-	-	-	2,360	-
Oct	12.58	-	-	-	-	-
Jan	13.25	-	-	-	-	-
Mar	12.03	-	-	-	2,000	-
Total					5,627	42

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	335.5	-5.7	341.2	333.5	13,536	1,227
Oct	303.0	-5.0	305.0	302.3	4,793	125
Dec	297.6	-3.6	299.0	298.5	2,184	90
Mar	297.5	-2.8	298.0	298.0	1,336	16
May	297.5	-2.4	-	-	290	-
Aug	295.8	-2.8	296.2	296.2	144	8
Total					22,345	1,474

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	12.82	-0.17	12.91	12.64	23,730	15,458
Jul	11.43	-0.27	11.58	11.32	82,430	12,033
Oct	10.83	-0.21	10.94	10.77	33,184	3,795
Mar	10.86	-0.18	10.80	10.80	19,803	1,358
May	10.54	-0.18	10.60	10.52	5,839	318
Jul	10.40	-0.18	10.60	10.60	5,762	708
Total					151,874	33,893

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	113.50	-3.38	117.00	110.00	2,615	1,111
Jul	108.10	-1.35	108.20	105.70	20,181	3,979
Oct	83.75	-1.50	85.80	83.85	8,251	1,213
Dec	79.25	-0.31	80.20	78.95	26,098	2,132
Mar	80.30	-0.30	81.20	80.05	7,488	454
May	80.50	-0.15	81.80	80.50	2,433	69
Total					68,221	8,984

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	106.60	-1.90	107.80	106.60	5,260	910
Jul	111.40	-1.70	112.60	111.30	14,516	724
Sep	114.60	-1.45	115.50	114.50	6,541	231
Nov	110.80	-0.60	111.00	110.00	2,288	42
Jan	111.95	-0.55	112.30	111.25	2,691	1
Mar	113.95	-0.55	114.00	113.70	614	-
Total					32,469	1,856

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Apr 25	Apr 24	month ago	year ago
2331.2	2341.1	2310.9	1832.1

■ CRB Futures (Base: 1967=100)

Apr 24	Apr 21	month ago	year ago
236.58	237.08	232.58	222.29

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jun	63.150	-0.650	64.100	63.100	30,088	5,888
Aug	61.050	-0.325	61.675	61.000	10,848	1,707
Oct	62.750	-0.175	63.150	62.700	7,237	1,082
Dec	63.700	-0.075	64.050	63.650	3,694	743
Feb	64.625	-0.100	64.900	64.625	2,491	155
Apr	65.625	-0.075	65.850	65.600	1,145	29
Total					55,523	9,729

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jun	44.050	-0.100	44.500	43.800	13,280	3,403
Aug	43.475	+0.425	43.800	42.900	4,998	1,449
Oct	40.925	+0.425	41.350	40.500	3,653	651
Dec	41.775	+0.525	42.250	41.300	3,763	211
Feb	42.650	+0.575	42.800	42.200	1,155	86
Apr	42.275	+0.500	42.350	41.700	354	10
Total					27,424	5,850

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	40.075	+0.225	40.850	39.925	2,781	783
Jul	39.525	+0.100	40.250	39.450	4,335	1,801
Aug	37.600	+0.200	38.200	37.600	852	180
Feb	48.450	-0.175	48.700	48.250	169	50
Mar	48.000	+0.200	48.000	48.000	24	6
Total					8,162	2,829

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Aug	Nov	Aug	Nov
1800	123	154	95	138
1900	100	132	121	162
2000	80	113	150	191
■ COPPER (Grade A) LME	Aug	Nov	Aug	Nov
2700	107	105	72	121
2750	83	85	97	148
2800	62	68	125	179
■ COFFEE LCE	Jul	Sep	Jul	Sep
3050	254	318	121	218
3100	226	293	143	243
3150	200	270	187	270
■ COCOA LCE	Jul	Sep	Jul	Sep
900	87	116	3	19
925	69	99	6	27
950	53	83	11	36
■ BRENT CRUDE IPE	Jul	Oct	Jul	Oct
1750	105	80	31	86
1800	76	62	52	118
1850	50	46	79	152

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jun)

		+or-
Dubai	$17.71-7.81w	+0.160
Brent Blend (dated)	$19.10-9.12	+0.120
Brent Blend (Jun)	$18.75-8.77w	+0.210
W.T.I. (1pm est)	$20.31-0.33w	+0.180

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)

Premium Gasoline	$198-199	
Gas Oil	$163-164	+0.5
Heavy Fuel Oil	$103-104	
Naphtha	$170-172	
Jet fuel	$174-175	+1
Diesel	$164-165	+0.5

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

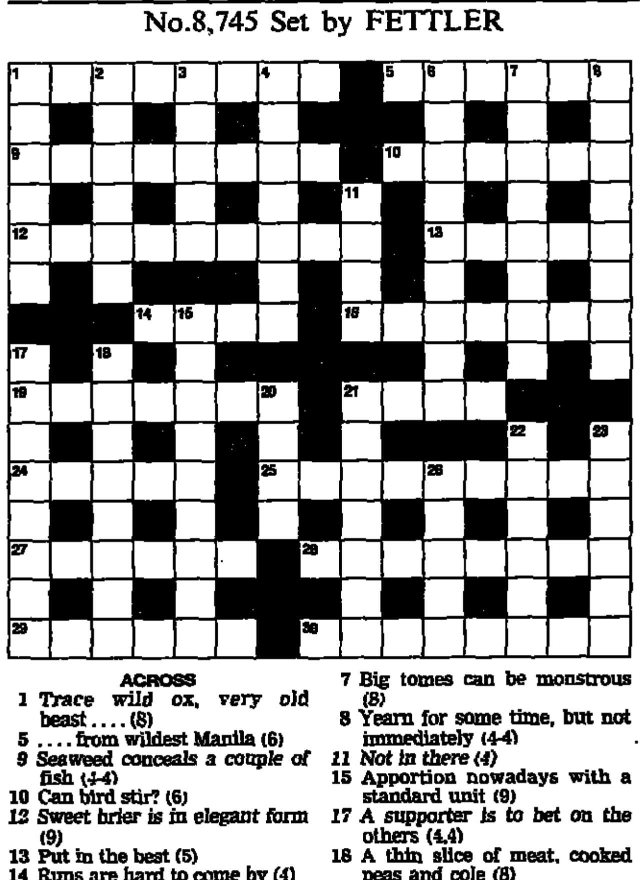
Gold (per troy oz)♣	$390.00	-1.40
Silver (per troy oz)♣	571.50c	+1.00
Platinum (per troy oz.)	$438.25	-5.25
Palladium (per troy oz.)	$162.50	-3.00
Copper (US prod.)	135.0c	-2.0
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	14.25m	
Tin (New York)	282.50c	-4.00
Cattle (live weight)†	122.61p	-2.33*
Sheep (live weight)†♠	132.55p	+0.43*
Pigs (live weight)†	92.76p	+1.32*
Lon. day sugar (raw)	$332.4	-9.9
Lon. day sugar (wte)	$357.4	-7.1
Tate & Lyle export	£320.0	-5.0
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£144.0	
Wheat (US Dark North)	£165.0	
Rubber (Jun)♥	116.50p	+0.50
Rubber (Jul)♥	118.00p	-
Rubber (KL RSS No1)	445.0m	
Coconut Oil (Phil)§	$615.0y	+5.0
Palm Oil (Malay.)§	$630.0q	+10.0
Copra (Phil)§	$413.0u	
Soyabeans (US)	£168.0	
Cotton Outlook'A' index	117.80c	+0.60
Wooltops (64s Super)	525p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. u Apr/May w Jun. z Apr. y Jun/Jul. q May ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week † Prices are for previous day

JOTTER PAD

CROSSWORD

No.8,745 Set by FETTLER



ACROSS

1 Trace wild ox, very old beast .... (8)
5 .... from wildest Manila (6)
9 Seaweed conceals a couple of fish (4-4)
10 Can bird stir? (6)
12 Sweet brier is in elegant form (9)
13 Put in the best (5)
14 Runs are hard to come by (4)
16 Locks flowing back, prefacing our charm (7)
19 Fickle Sue's mad to have taken things for granted (7)
21 Vulgar chapter is excised but it's still vulgar (4)
24 Small bear rejected a leafy extension, right? (5)
25 If I'd Peter to deal with, I'd be stoned (9)
27 The act of leaving shows ox's due to be slaughtered (6)
28 Broadcasts most of Aida in specified amounts (8)
29 With the ranks rising up, restrain the revolutionary (6)
30 Don't sway openly, keep under cover (4,4)

DOWN

1 Coward caught bird (6)
2 Endow with power to play a nebel (6)
3 Control soldiers going to exercise (5)
4 Convert to cash, making pound easier to change (7)
6 Nanny works as upper-class minder (9)
7 Big tomes can be monstrous (8)
8 Yearn for some time, but not immediately (4-4)
11 Not in there (4)
15 Apportion nowadays with a standard unit (9)
17 A supporter is to bet on the others (4,4)
18 A thin slice of meat, cooked peas and cole (8)
20 See silly ass perform drill (4)
21 Take back touching pamphlet (7)
22 Drunken Brits have nothing to compare with a French bar (6)
23 End of the game? It's all up for this old boffin (6)
26 In a cold way, Mediterranean island is lacking sun (5)

Solution 8,744

R	E	S	I	G	N		F	L	A	T	F	I	S	H
O		T		H				O		A		G		A
S	E	A	S	O	N		B	O	O	K	C	L	U	B
E		N		S		S		P		E		O		I
A	D	D	I	T	I	O	N		A	D	R	O	I	T
T		F		S		L		S		O				A
E	L	A	N		F	O	L	L	O	W	S	U	I	T
		S		S		I		A		N		L		
H	O	T	P	U	R	S	U	I	T		S	T	E	T
O				N		T		N		E		I		E
W	R	A	S	S	E		S	T	U	N	T	M	A	N
E		C		H		H		E		O		A		U
V	I	O	L	A	T	E	S		B	U	T	T	E	R
E		R		D		R				G		U		E
R	E	N	D	E	R	E	D		R	H	Y	M	E	S

INTERNATIONAL CAPITAL MARKETS

Consumer optimism hits US Treasuries

By Lisa Bransten in New York and Conner Middelmann and Graham Bowley in London

If there is one thing the Treasury market does not like it is consumers with a rosy outlook. Therefore, news that optimists in the US outnumber pessimists by more than two-to-one was enough to send US Treasury prices sharply lower yesterday morning.

Near midday, the 30-year Treasury was down $\frac{12}{32}$ at $103\frac{12}{32}$ to yield 7.336 per cent and the two-year note lost $\frac{1}{16}$ to $100\frac{7}{32}$, yielding 6.481 per cent.

Treasury prices had edged lower on news that sales of existing homes rebounded slightly in March, but they were sent down sharply later when the Conference Board released consumer confidence figures at mid-morning.

In addition to reporting that optimists outnumber pessimists, the Conference Board overall said its index of consumer confidence rose to its highest level in five years at 105.5 for April, up strongly from a revised 100.2 for March.

The figure was especially troubling for the bond market because economists had expected a slight decrease in confidence this month.

Adding pressure to the market were concerns about the dollar. Traders held out little hope that central bankers and finance ministers from the G7 nations meeting in Washington would undertake any concerted effort to boost the value of the currency.

In early trading, the dollar lost ground against the yen and the D-Mark. Near noon, it was changing hands at Y81.93 and DM1.3680 compared with Y83.03 and DM1.3750 late on Monday and traders warned that it could take a more serious tumble if the G7 meeting did not produce a substantive plan to deal with turbulence on the currency markets.

Also of concern to bond traders was new supply of two-year and five-year notes. The Treasury Department was slated to auction \$17.75bn in two-year notes yesterday afternoon and \$11.5bn in five-year notes today.

■ Europe's government bond markets made little progress yesterday as dealers awaited news from the G7 meeting.

UK government bonds drifted lower as market makers positioned themselves ahead of today's £2bn auction of the five-year benchmark gilt, which has an 8 per cent coupon.

GOVERNMENT BONDS

Figures for gross domestic product showing growth of 0.8 per cent in the first quarter of this year, higher than the expected 0.6 per cent, provided early disappointment, bringing forward the possibility of an interest rate rise as early as next month.

A CBI survey on manufacturing trends presented a mixed picture for gilts. It showed price pressures abating and output intentions moving lower, while at the same time some manufacturers are now working close to capacity.

"The survey was broadly neutral for gilts," said Mr Simon Briscoe, of S. G. Warburg. "It was supportive in the long term but it suggests that there may be some short-term RPI shocks to come."

The weakness of US Treasuries weighed on gilts in afternoon trading. The 10-year yield spread over bunds widened to 150 basis points from 145 points at Monday's close. The June long gilt future on Liffe fell by $\frac{13}{32}$ to $103\frac{23}{32}$.

■ Swedish government bonds were largely unaffected by yesterday's supplementary budget measures, which had been widely leaked.

The benchmark 10-year bond yield fell on the day, due to a strong performance by the krona, with the spread over German bunds narrowing by about 13 basis points to 437 basis points.

But concern over assumptions made in the budget – in particular the government's belief that five-year yields will be at 8 per cent by 1998 and that there will be a rapid strengthening of the krona by between 10 to 20 per cent, both of which are seen as overly optimistic – continued to dog the market. The SKr3.6bn in annual savings offered by the budget was also significantly below market expectations.

■ German bunds had another range-bound session, dragged lower by weaker US Treasuries but outperforming other European markets on the back of continued D-Mark strength.

Bunds remain trapped in a range capped by 93.00 on the June future, which corresponds to a 7 per cent yield on the 10-year benchmark bond. "Bunds are unlikely to get through 93.00 unless US Treasuries take them through," said Mr Graham McDevitt of Paribas Capital Markets.

■ French bonds drifted lower in quiet trading after Monday's volatile session following the first round of presidential elections. Dealers said investors were waiting for the second round of voting on May 7. The Notionnel June futures contract fell by 0.20 to 113.02.

Companies tighten controls on derivatives

By Graham Bowley

Large multinational corporations are tightening controls and increasing the management reporting of their derivative transactions following recent big losses incurred by companies such as Barings, according to a survey of more than 100 company treasurers and financial executives.

Yet while a majority of corporations have reviewed their use of derivatives, few have reduced trading volumes or changed the type of derivatives used, according to the report by Emcor Risk Management Consulting, a US-based derivatives consultancy.

"While our survey found no significant change in derivatives utilisation, it is reassuring that corporations are taking steps to heighten management scrutiny and strengthen internal controls and reporting," said Mr Robert Baldoni, managing director of Emcor.

The survey also shows that a large number of companies still think that responsibility for gauging the risks involved in using derivative instruments lies either partly or wholly with banks, rather than solely with the end-user.

Only 2 per cent of companies surveyed believe that there should be a limit on the derivative instruments end-users are allowed to buy, while 46 per cent think that there should be a standardised method of measuring risk for both dealers and end-users.

The report showed that 53 per cent of companies have reviewed or updated their controls and procedures, while 34 per cent have increased the detail or frequency of management reporting.

Ten per cent have reduced the volume of their derivative transactions.

Full membership of Stockholm Stock Exchange for UBS

By Conner Middelmann

Union Bank of Switzerland has been granted full membership of the Stockholm Stock Exchange, marking an important step in the integration of Europe's capital markets.

Although the exchange has four "remote" members in Scandinavia, UBS is the first London-based bank to become one.

The move marks a triumph in the exchange's endeavours to draw Swedish equity business back from London.

Upon recognition by the UK Treasury, UBS – which will continue to make markets in some 30 Swedish shares in London – will offer direct access to the order-driven market in Stockholm, with benefits of immediate submission of orders, full intelligence on the market order book and lower cost execution. Until now, UBS has executed Swedish share deals on Seaq or through Swedish brokers.

"We hope to continue to have a good relationship with the Swedish brokers, but on a more equal footing," said Mr Gordon Baker, responsible for business development in the equities division at UBS. He said direct access to the SSE translated into substantial cost and time savings.

In addition to simplifying matters for UBS, the move highlights the likelihood of increased competition among stock exchanges ahead of the implementation early next year of the EU's investment services directive. "We welcome the Swedish initiative in setting the pace for open stock market membership in the EU," said Mr Hector Sants, head of equities at UBS.

Other London-based institutions have shown strong interest in remote membership with the SSE, said Mr Bengt Rydén, the exchange's president and chief executive, who expects another five remote members to be admitted this year.

"This strategy is necessary for Stockholm to defend its position when share ownership and trading becomes more international and exposed to competition," Mr Rydén said.

Sweden is the only European country to allow foreign institutions to be stock exchange members.

Two more quit Salomon

By Antonia Sharpe

The number of staff quitting Salomon Brothers' London operation in the wake of the bonus storm continued yesterday as two senior professionals defected to Mitsubishi Finance International, the London arm of the big Japanese bank.

Mr Gilles Albou and Mr Alex Graham will be joining Mitsubishi's capital market structuring division, headed by Mr Arvinder Sood, by the end of May. Mitsubishi said the two director-level appointments would further strengthen its European distribution and its commitment to securitisation, repackaged notes and structured products.

Mr Albou was formerly head of continental Europe fixed income sales at Salomon and has experience in structured finance, asset/liability management and derivatives.

Mr Graham, formerly vice-president in Salomon's derivative products division, is a specialist in structuring exotic over-the-counter derivatives.

OKB offering steals the show from Belgium

By Antonia Sharpe

Belgium's long-awaited DM1bn seven-year eurobond offering finally surfaced yesterday but a startlingly successful \$400m 10-year deal from Oesterreichische Kontrollbank, the Austrian export-development agency, stole the show.

INTERNATIONAL BONDS

OKB's glowing reception surprised even J. P. Morgan, the lead manager, which attributed the deal's success to the decision to launch overnight. A strong bid from non-Japan Asia got the deal off to a good start, which then encouraged sales in Europe.

Syndicate managers said the decision to price OKB's bonds to yield 26 basis points over Treasuries, slightly wider than expected, also contributed to the deal's success. Some syndicate members sold more than their allotment, a rare feat in today's market.

J. P. Morgan said the entire deal was sold by the late afternoon. The spread tightened to 25 basis points after the bonds were freed to trade but settled back to 26 basis points. The proceeds of the deal are believed to have been swapped into floating-rate dollars.

Syndicate managers warned that the success of OKB's deal did not guarantee a similar reception for another issuer wanting to tap the 10-year area of the eurodollar sector.

The seemingly low spread on Belgium's deal of 13 basis points over the 8 per cent bund due January 2002, to give a yield of 7.02 per cent at the fixed-price reoffer, reflected the relatively high yields on seven-year bunds.

Valencia is expected to price its DM250m offering of seven-year eurobonds, due today via DG Bank, to yield 18 basis points over the 8 per cent bund due July 2002.

A DM300m offering of five-year eurobonds from SNCF, the French railway, further congested the five-year area but the attractive swap rates, caused by a squeeze on the underlying bunds, allowed the issuer to end up with floating-rate French francs at a cost of 12 basis points below Pibor.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Oesterreichische Kontrollbank	400	7.375	99.91R	May.2005	0.325R	+26(7½%-05)	JP Morgan Securities
D-MARKS							
Kingdom of Belgium	1bn	7.00	99.88R	May.2002	0.30R	+13(8%-02)	CDC/ WestLB
SNCF	300	6.375	99.86R	May.2000	0.25R	+18(7%-00)	CSFB-Effectenbank
LUXEMBOURG FRANCS							
Cregem International Bank(a)	2bn	7.375	102.50	Dec.2000	1.875	-	Cregem International Bank
DANISH KRONER							
Kingdom of Sweden	400	8.00	101.565	Jun.1998	1.375	-	Kredietbank Intl. Group

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. R: fixed re-offer price; fees shown at re-offer level. a) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	94.9100	-	9.84	9.87	10.08
Austria		7.500	01/05	100.9000	+0.200	7.36	7.35	7.56
Belgium		6.500	03/05	90.5800	+0.070	7.90	7.89	8.15
Canada *		9.000	12/04	102.8500	+0.400	8.56	8.58	8.57
Denmark		7.000	12/04	89.0000	+0.020	8.73	8.74	8.97
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	97.8000	-0.210	7.81	7.80	8.02
Germany Bund		7.375	01/05	101.9900	+0.090	7.08	7.04	7.27
Ireland		6.250	10/04	83.5500	-0.150	8.83	8.82	8.81
Italy		9.500	01/05	80.4800	-0.070	13.11†	13.13	13.08
Japan	No 119	4.800	06/99	106.7420	-0.090	2.61	2.49	3.47
	No 174	4.600	09/04	106.8480	+0.076	3.36	3.19	4.10
Netherlands		7.750	03/05	104.0000	-	7.16	7.15	7.42
Portugal		11.875	02/05	97.6500	-	12.28	12.26	11.92
Spain		10.000	02/05	88.0400	-0.320	12.11	12.11	12.23
Sweden		6.000	02/05	68.8060	+0.490	11.46	11.42	11.11
UK Gilts		6.000	08/99	91-31	-6/32	8.27	8.13	8.44
		8.500	12/05	100-22	-12/32	8.40	8.32	8.53
		9.000	10/08	104-26	-12/32	8.40	8.33	8.52
US Treasury *		7.500	02/05	103-13	+2/32	7.01	6.98	7.12
		7.625	02/25	103-13	-2/32	7.34	7.35	7.40
ECU (French Govt)		8.000	04/04	86.5900	-0.120	8.16	8.19	8.54

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

Prime rate	9	One month	5.74	Two year	6.48
Broker loan rate	$6\frac{1}{2}$	Two month	5.54	Three year	6.60
Fed.funds	$5\frac{15}{16}$	Three month	5.86	Five year	6.80
Fed.funds at intervention	-	Six month	6.03	10-year	7.02
		One year	6.19	30-year	7.35

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	113.42	113.92	-0.20	113.48	112.96	93,547	116,452
Sep	112.98	112.60	-0.18	112.98	112.64	3,762	7,557
Dec	112.72	112.34	-0.18	112.72	112.72	2	963

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls May	Calls Jun	Calls Sep	Puts May	Puts Jun	Puts Sep
111	-	-	-	0.01	0.20	1.02
112	1.08	1.48	-	0.03	0.40	1.30
113	0.31	0.79	1.43	0.24	0.72	1.76
114	0.06	0.34	-	0.99	1.27	-
115	0.02	0.12	-	-	-	-

Est. vol. total, Calls 14,889 Puts 22,858 . Previous day's open int., Calls 159,329 Puts 217,593.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.81	92.61	-0.09	92.87	92.49	89936	172033
Sep	92.26	92.03	-0.12	92.26	92.05	1129	5333

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Jun	Calls Jul	Calls Aug	Calls Sep	Puts Jun	Puts Jul	Puts Aug	Puts Sep
9250	0.57	0.53	0.69	0.82	0.46	1.00	1.16	1.29
9300	0.34	0.35	0.50	0.62	0.73	1.32	1.47	1.59
9350	0.19	0.23	0.35	0.47	1.08	1.70	1.82	1.94

Est. vol. total, Calls 14650 Puts 6987. Previous day's open int., Calls 150887 Puts 129023

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.90	93.34	-0.16	94.29	93.11	22980	42969
Sep	93.10	92.69	-0.16	93.10	93.10	3	141

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9300	1.18	2.05	0.84	2.36
9350	0.90	1.82	1.06	2.63
9400	0.66	1.62	1.32	2.93

Est. vol. total, Calls 2341 Puts 2310. Previous day's open int., Calls 44797 Puts 36860

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	83.16	82.65	-0.25	83.26	82.45	46,221	47,580
Sep	-	82.10	-	-	-		5

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	104-08	103-23	-0-13	104-09	103-20	41265	63898
Sep	-	103-10	-0-14	-	-	0	777

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jun	Calls Jul	Calls Aug	Calls Sep	Puts Jun	Puts Jul	Puts Aug	Puts Sep
103	1-16	1-25	1-42	1-56	0-34	1-05	1-22	1-36
104	0-43	0-59	1-12	1-26	0-61	1-39	1-56	2-06
105	0-20	0-37	0-52	1-01	1-38	2-17	2-32	2-45

Est. vol. total, Calls 1695 Puts 869. Previous day's open int., Calls 28578 Puts 35633

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	84.00	83.68	-0.14	84.02	83.58	2,402	8,523

US

■ US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	105-19	105-14	-0-05	105-20	105-11	154,939	358,202
Sep	105-03	104-30	-0-05	105-04	104-29	2,651	19,829
Dec	104-19	104-17	-0-04	104-20	104-16	64	2,031

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	116.62	-	-	116.96	116.59	3583	0
Sep	115.74	-	-	115.98	115.69	1030	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue Apr 25	Day's change %	Mon Apr 24	Accrued interest	xd adj. ytd		Low coupon yield Apr 25	Apr 24	Yr. ago	Medium coupon yield Apr 25	Apr 24	Yr. ago	High coupon yield Apr 25	Apr 24	Yr. ago
1 Up to 5 years (23)	119.08	-0.12	119.22	1.11	4.27	5 yrs	8.30	8.28	7.60	8.37	8.33	7.78	8.50	8.45	7.90
2 5-15 years (21)	141.43	-0.18	141.69	2.08	4.13	15 yrs	8.33	8.30	7.78	8.41	8.37	7.92	8.62	8.59	8.18
3 Over 15 years (9)	158.21	-0.22	158.56	1.92	4.74	20 yrs	8.32	8.29	7.78	8.41	8.37	7.92	8.55	8.51	8.08
4 Irredeemables (6)	178.90	-0.01	183.58	-0.24	6.12	Irred.†	8.35	8.34	7.91						
5 All stocks (59)	137.81	-0.17	138.06	1.70	4.34										

Index-linked	Tue Apr 25	Day's change %	Mon Apr 24	Accrued interest	xd adj. ytd		Inflation 5% Apr 25	Apr 24	Yr. ago	Inflation 10% Apr 25	Apr 24	Yr. ago
6 Up to 5 years (2)	191.92	-0.07	192.05	0.32	2.57	Up to 5 yrs	3.37	3.32	3.40	1.86	1.81	2.42
7 Over 5 years (11)	178.20	-0.12	178.42	0.72	1.73	Over 5 yrs	3.80	3.79	3.47	3.60	3.59	3.28
8 All stocks (13)	178.71	-0.12	178.92	0.68	1.81							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Apr 25	Apr 24	Apr 21	Apr 20	Apr 19	Yr ago	High*	Low*
Govt. Secs. (UK)	92.02	92.07	92.41	92.11	92.12	96.06	92.41	90.22
Fixed Interest	111.24	111.25	111.12	111.00	111.26	115.42	111.33	106.77

* for 1995. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Apr 24	Apr 21	Apr 20	Apr 19	Apr 18
Gilt Edged bargains	74.6	80.0	80.2	88.6	78.2
5-day average	79.9	79.5	79.1	79.4	76.5

UK GILTS PRICES

Notes	Yield (1)	Yield (2)	Price £	+ or -	1995 High	1995 Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

Notes	Yield (1)	Yield (2)	Price £	+ or -	1995 High	1995 Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on April 25

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
United Kingdom 7¼ 02	3000	100⅛	100¼		7.22
World Bank 8½ 99	1500	105½	105⅝		7.03
World Bank 8¾ 97	1500	103⅝	103⅞	-⅛	6.74
DEUTSCHE MARK STRAIGHTS					
Austria 6½ 24	2000	84⅜	84¾	-⅛	7.88
Credit Foncier 7¼ 03	2000	99⅞	100¼		7.27
Denmark 6½ 98	2000	100½	100¾		5.94
Depfa Finance 6⅝ 03	1500	94⅛	94⅜	-⅛	7.32
Deutsche Bk Fin 7½ 03	2000	101¼	101⅞		7.28
EEC 6½ 00	2900	100⅝	100⅞		6.34
EIB 6¼ 00	1500	99⅝	100⅛		6.34
Finland 7½ 00	3000	103⅜	103⅝		6.64
Italy 7¼ 98	5000	102½	102⅝	+⅛	6.23
LKB Baden-Wuertt 6½ 08	2250	91½	91⅞	-⅛	7.52
Norway 6¼ 98	1500	100½	100¾		5.94
Ontario 6¼ 04	1500	92¼	92⅝		7.51
Spain 7¼ 03	4000	99⅝	99¾		7.31
Sweden 8 97	2500	104½	104⅞	+⅛	6.00

	Issued	Bid	Offer	Chg.	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ontario Hydro 10⅞ 99 C$	500	107⅞	108	+⅛	8.50
Oster Kontrollbank 10¼ 99 C$	150	108¼	108⅝		8.42
Quebec Prov 10½ 98 C$	200	105¼	105¾	+⅛	8.70
Council Europe 9 01 Ecu	1100	104	104⅜		8.17
Credit Foncier 8⅛ 04 Ecu	1000	99⅝	99⅞	+⅛	8.43
Credit Lyonnais 9 96 Ecu	125	101⅛	102		7.56
EIB 10 97 Ecu	1125	104½	104¾		7.22
Ferro del Stat 10⅛ 98 Ecu	500	105	105½		7.98
Italy 10¾ 00 Ecu	1000	108¾	109¼	-⅛	8.52
Spain 9 98 Ecu	1000	102	102¼		8.98
United Kingdom 9⅛ 01 Ecu	2750	105	105⅛		8.01
AIDC 10 99 A$	100	101	101⅜		9.68
Comm Bk Australia 13¾ 99 A$	100	112⅞	113⅜		9.95
EIB 7¾ 99 A$	350	95⅛	95	+½	9.28
NSW Treasury Zero 0 20 A$	1000	9¾	10	+¼	9.83
R & I Bank 7¾ 03 A$	125	86	86½	-⅛	10.39
State Bk NSW 9 02 A$	300	94⅛	94⅝	+⅛	10.15
Sth Aust Govt Fin 9 02 A$	150	93⅞	93⅞		10.30
Unilever Australia 12 98 A$	150	105⅜	105¾		9.81
Western Aust Treas 7¾ 98 A$	100	94⅝	95⅛		9.73

FLOATING RATE NOTES / CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Browning-Ferris 6¾ 05	400	52½	95½	96½	+62.61
Chubb Capital 6 98	250	86	103⅞	104⅞	+12.36
Gold Kalgoorlie 7½ 00	65	1.0554	101¼	102¼	+22.12
Hanson 9½ 06 £	500	2.5875	102⅛	102⅞	+10.91
Hanson America 2.39 01	420	30.8750	75⅞	76⅝	+27.49
Hong Kong Land 4 01	410	31.05	78½	79¾	-21.28
Land Secs 6¾ 02 £	84	6.72	93⅞	95	+10.98
Lasmo 7¾ 05 £	90	5.64	85⅞	87	
Mitsu Bank 2⅝ 03	200	2332.6	82	83	+9.30
Mount Isa Fin 6½ 97	100	2.283	97⅝	98⅝	+52.07
Natl Power 6¼ 08 £	250	4.33	104⅛	105	+0.53
Ogden 6 02	85	39.077	86⅛	87⅛	+64.17
Pennzoil 4¾ 03	500	59.8097	94	95	+16.88
Sumitomo Bank 3⅛ 04	300	3606.9	84½	85½	+12.98
Sun Alliance 7¼ 08 £	155	3.9	95	96	+10.93
Tesco Capital 9 05 £	200	2.51	119⅞	120⅛	+11.80
Texas Instruments 2¾ 02	300	82⅞	120⅝	121⅛	-1.22

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month § above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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CURRENCIES AND MONEY

MARKETS REPORT

Dollar trades nervously ahead of G7 discussions

Currency markets traded fairly cautiously yesterday ahead of the much trumpeted meeting of G7 central bankers and finance ministers in Washington, *writes Philip Gawith.*

The dollar lost ground in early trading, falling from around Y83.2 to close in London at Y81.635. Against the D-Mark it had a slightly steadier day, finishing at DM1.365.

Markets were subjected to a deluge of comment from financial officials in Washington, but nothing was said to alter the general view that the meeting would produce anything beyond expressions of regret at the dollar's weakness.

In Europe the French franc continued its stable performance, following the surprise result in the presidential elections last Sunday. It closed at FFr3.533 against the D-Mark from FFr3.537. The Swedish krona recovered from its historic low of SKr5.429 against the D-Mark to finish at SKr5.384.

Sterling traded in a narrow range against both the dollar and D-Mark to finish at $1.614 and DM2.2031. The UK market focus was more on interest rates than currencies.

■ If expressions of concern were enough, the dollar would be home and dry. Yesterday everybody from President Clinton, through Mr Hans Tietmeyer, the Bundesbank president, to Fed vice-chairman Mr Alan Blinder and Mr Theo Waigel, the German finance minister had their turn.

But the less these words are backed by concerted action, the more devalued they become in the eyes of the market.

Mr Paul Lambert, currency analyst at UBS in London, said the dollar was likely to drift off again after the G7 meeting, but he said a tidal wave of selling appeared unlikely.

■ The upward trend in UK short-term interest rates continued yesterday. Overnight money rose again to 7.5 per cent with the Bank of England again providing the bulk of its assistance to money markets by way of a late round.

Three month LIBOR, having traded below the base rate of 6.75 per cent for most of the past two months, rose to 6 15/16 per cent.

This had a knock-on effect in the futures market, with the June short sterling contract retreating to 92.75, from 92.86. Volumes were good, with more than 56,000 lots traded. Poor sentiment in the gilts market also contributed to the weakness of short sterling.

Analysts are divided as to why cash rates have firmed recently. Mr Nick Parsons, chief treasury economist at the Bank of England, discerns the hand of the Bank of England. "I think it's a deliberate policy. Given the weakness of sterling, they would like to make it more expensive to be short of the currency."

Mr Parsons argues that in the aftermath of the collapse of Barings, the Bank was generous in its provision of liquidity in order to calm market nerves. Now, he reasons, the position has changed. "As the memory of Barings is fading, so they are able to use overnight rates as an instrument of monetary policy. I believe it is a deliberate policy to try and shore up the currency."

Other observers are less sure about the role of the bank. Mr Philip Shaw, analyst at Union Discount, notes: "The firming in overnight and three month rates is more to do with the perceptions of the market than the Bank's volition."

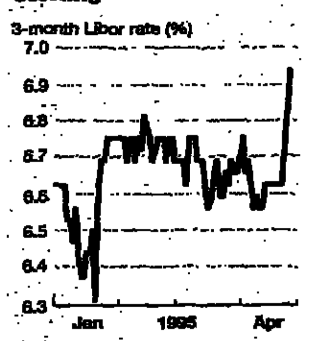
Rates have risen, he said, not because the Bank has cut back its assistance to the market, but because clearing banks, who hold most of the treasury bills, had been less willing to help clear the shortage.

Mr Richard Phillips, analyst at brokers GNI, endorsed this view, saying that the easy money the main clearers had made available before Easter had dried up.

Most observers are expecting UK interest rates to rise after the next monthly monetary meeting on May 5. But Mr Dick Howard, chief economist at Bank Julius Baer in London, cautioned against using sterling weakness as grounds to raise interest rates. He noted that sterling's trade weighted index was only 0.2 per cent below its April 5 level, when rates were left unchanged, and that the pound had risen against the dollar, "the key currency for inflation."

He also argued that raising rates might aggravate sterling's weakness by making it a target for speculation. "If the pound's problems are US dollar-linked, as many argue, then an increase in UK rates is not the solution."

Sterling



Source: Datastream

■ Pound in New York

Apr 25	Latest	Prev. close
£ spot	1.6150	1.6040
1 mth	1.6143	1.6036
3 mth	1.6124	1.6018
1 yr	1.5983	1.5888

■ OTHER CURRENCIES

Apr 25	£	$
Hungary	189.570 - 189.837	117.490 - 117.590
Iran	2817.13 - 2823.62	1745.00 - 1750.00
Kuwait	0.4715 - 0.4721	0.2922 - 0.2924
Poland	3.7793 - 3.7895	2.3423 - 2.3473
Russia	8212.46 - 8212.71	5087.00 - 5090.00
U.A.E.	5.9259 - 5.9302	3.6727 - 3.6733

POUND SPOT FORWARD AGAINST THE POUND

Apr 25		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.5011	+0.0082	906 - 116	15.5565	15.4302	15.478	1.8	15.4307	1.8	-	-	108.5
Belgium	(BFr)	45.3472	+0.038	264 - 679	45.4990	45.2070	45.2872	1.6	45.1822	1.5	44.6422	1.6	110.9
Denmark	(DKr)	8.6815	+0.0047	750 - 879	8.7016	8.6656	8.689	-1.0	8.6925	-0.5	8.6609	0.2	110.8
Finland	(FM)	6.8375	+0.0001	316 - 434	6.8730	6.8200	-	-	-	-	-	-	87.7
France	(FFr)	7.7837	-0.0087	779 - 895	7.8133	7.7656	7.7973	-2.1	7.8184	-1.7	7.7864	0.0	109.9
Germany	(DM)	2.2031	+0.0005	016 - 045	2.2116	2.1989	2.1993	2.0	2.1909	2.2	2.1477	2.5	114.1
Greece	(Dr)	359.612	+0.137	294 - 931	363.308	357.802	-	-	-	-	-	-	69.1
Ireland	(I£)	0.9828	+0.0001	820 - 836	0.9848	0.9813	0.9824	0.5	0.9822	0.2	0.9825	0.0	96.9
Italy	(L)	2721.68	-27.38	036 - 301	2737.39	2705.66	2732.06	-4.6	2752.13	-4.5	2833.03	-4.1	64.4
Luxembourg	(LFr)	45.3472	+0.038	264 - 679	45.4990	45.2070	45.3072	1.1	45.2072	1.2	44.6722	1.5	110.9
Netherlands	(Fl)	2.4669	+0.0023	658 - 679	2.4761	2.4617	2.4625	2.1	2.4535	2.2	2.4071	2.4	110.9
Norway	(NKr)	9.9383	+0.0034	327 - 439	9.9963	9.8680	9.9296	1.1	9.906	1.3	9.7787	1.6	99.5
Portugal	(Es)	233.361	+0.158	215 - 507	234.070	232.857	232.496	4.4	235.686	-4.0	-	-	96.7
Spain	(Pta)	197.305	-0.115	170 - 441	198.152	196.961	197.745	-2.7	198.605	-2.6	202.775	-2.8	79.6
Sweden	(SKr)	11.8631	-0.0923	526 - 736	11.9959	11.8459	11.8655	-0.2	11.8698	-0.2	11.889	-0.2	75.8
Switzerland	(SFr)	1.8199	-0.005	187 - 210	1.8331	1.8153	1.8158	2.7	1.8063	3.0	1.756	3.5	114.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	84.1
Ecu	-	1.2019	-0.0011	011 - 026	1.2082	1.2008	1.2017	0.2	1.202	0.0	1.1949	0.6	-
SDR	-	1.022000	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6141	+0.0063	135 - 146	1.6191	1.6025	-	-	-	-	-	-	-
Brazil	(R$)	1.4857	+0.0169	844 - 869	1.4913	1.4742	-	-	-	-	-	-	-
Canada	(C$)	2.2035	+0.006	024 - 045	2.2118	2.1854	2.2069	-1.9	2.2113	-1.4	2.2121	-0.4	82.5
Mexico	(New Peso)	9.4497	-0.1733	228 - 765	9.4765	9.4055	-	-	-	-	-	-	-
USA	($)	1.6140	+0.0061	135 - 144	1.6191	1.6023	1.6134	0.4	1.6115	0.6	1.598	1.0	86.8
Pacific/Middle East/Africa													
Australia	(A$)	2.2187	+0.0136	173 - 200	2.2220	2.2173	2.2214	-1.4	2.2258	-1.3	2.2429	-1.1	77.3
Hong Kong	(HK$)	12.4863	+0.052	820 - 906	12.5262	12.3922	12.4823	0.4	12.4729	0.4	12.406	0.6	-
India	(Rs)	50.6377	+0.1697	155 - 599	50.7910	50.2990	-	-	-	-	-	-	-
Israel	(Shk)	4.7634	+0.0032	576 - 691	4.7793	4.7377	-	-	-	-	-	-	-
Japan	(Y)	131.755	-2.259	662 - 848	134.150	131.662	131.23	4.8	130.09	5.1	124.295	5.7	174.7
Malaysia	(M$)	3.9574	+0.0045	555 - 593	3.9721	3.9437	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3916	-	900 - 931	2.3932	2.3900	2.3969	-2.7	2.408	-2.4	2.4202	-1.2	97.7
Philippines	(Peso)	42.0434	+0.1589	510 - 358	41.8200	41.9510	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0533	+0.0229	513 - 553	6.0723	6.0099	-	-	-	-	-	-	-
Singapore	(S$)	2.2450	+0.0036	436 - 464	2.2515	2.2339	-	-	-	-	-	-	-
South Africa	(R)	5.8292	+0.026	263 - 320	5.8471	5.7776	-	-	-	-	-	-	-
South Korea	(Won)	1230.39	+4.81	997 - 082	1234.24	1220.79	-	-	-	-	-	-	-
Taiwan	(T$)	40.9992	+0.1759	797 - 187	41.1219	40.7066	-	-	-	-	-	-	-
Thailand	(Bt)	39.5418	+0.0851	227 - 609	39.6660	39.3680	-	-	-	-	-	-	-

† Rates for Apr 24. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 25		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	9.6045	-0.0344	006 - 083	9.6925	9.5690	9.5925	1.5	9.5725	1.3	9.478	1.3	108.2
Belgium	(BFr)	28.0970	-0.083	920 - 020	28.3600	27.9850	28.0715	1.1	28.042	0.8	27.937	0.6	110.6
Denmark	(DKr)	5.3790	-0.0175	765 - 815	5.4215	5.3564	5.3835	-1.0	5.3885	-0.7	5.4065	-0.5	110.0
Finland	(FM)	4.2365	-0.016	340 - 390	4.2835	4.2172	4.2368	-0.1	4.2373	-0.1	4.24	-0.1	86.5
France	(FFr)	4.8226	-0.0237	205 - 250	4.8720	4.8055	4.8313	-2.1	4.8428	-1.7	4.8503	-0.6	109.3
Germany	(DM)	1.3650	-0.0049	645 - 655	1.3795	1.3585	1.3632	1.6	1.3596	1.6	1.344	1.5	113.4
Greece	(Dr)	222.815	-0.76	680 - 950	225.200	221.770	224.745	-10.4	228.6	-10.4	244.57	-9.8	68.3
Ireland	(I£)	1.6422	+0.0059	413 - 430	1.6490	1.6276	1.6429	-0.5	1.6446	-0.6	1.6567	-0.9	-
Italy	(L)	1686.35	-23.43	600 - 670	1704.25	1682.75	1693.3	-4.9	1705.85	-4.6	1769.85	-5.0	63.1
Luxembourg	(LFr)	28.0970	-0.083	920 - 020	28.3600	27.9850	28.0715	1.1	28.042	0.8	27.937	0.6	110.6
Netherlands	(Fl)	1.5285	-0.0043	282 - 287	1.5435	1.5216	1.5264	1.6	1.5226	1.5	1.5065	1.4	110.3
Norway	(NKr)	6.1578	-0.0212	560 - 595	6.2109	6.1312	6.1548	0.6	6.1465	0.7	6.1203	0.6	98.6
Portugal	(Es)	144.590	-0.45	540 - 640	146.090	143.860	145.09	-4.1	146.235	-4.6	151.53	-4.8	96.9
Spain	(Pta)	122.250	-0.535	200 - 300	123.300	121.860	122.57	-3.1	123.25	-3.3	126.895	-3.8	79.2
Sweden	(SKr)	7.3504	-0.0852	459 - 548	7.4904	7.3350	7.3676	-2.8	7.4024	-2.8	7.5904	-3.3	74.5
Switzerland	(SFr)	1.1276	-0.0074	272 - 280	1.1435	1.1220	1.1249	2.8	1.1201	2.6	1.098	2.6	114.1
UK	(£)	1.6140	+0.0061	135 - 144	1.6191	1.6023	1.6134	0.4	1.6115	0.6	1.598	1.0	83.6
Ecu	-	1.3429	+0.0064	424 - 434	1.3450	1.3295	1.3426	0.2	1.3423	0.2	1.3408	0.2	-
SDR†	-	0.63180	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0001	+0.0001	000 - 001	1.0001	1.0000	-	-	-	-	-	-	-
Brazil	(R$)	0.9205	+0.007	200 - 210	0.9220	0.9200	-	-	-	-	-	-	-
Canada	(C$)	1.3653	-0.0015	650 - 655	1.3670	1.3625	1.3677	-2.1	1.3712	-1.7	1.3823	-1.2	81.1
Mexico	(New Peso)	5.8550	-0.13	400 - 700	5.8700	5.8400	5.8573	-0.5	5.8605	-0.4	5.8653	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	89.1
Pacific/Middle East/Africa													
Australia	(A$)	1.3746	+0.0032	742 - 751	1.3853	1.3724	1.3762	-1.4	1.3801	-1.6	1.4013	-1.9	79.6
Hong Kong	(HK$)	7.7365	+0.003	360 - 370	7.7405	7.7340	7.7348	0.3	7.7343	0.1	7.75	-0.2	-
India	(Rs)	31.3750	-0.0135	700 - 800	31.4450	31.3700	31.455	-3.1	31.7	-4.1	-	-	-
Israel	(Shk)	2.9514	-0.0092	486 - 541	2.9815	2.9473	-	-	-	-	-	-	-
Japan	(Y)	81.6350	-1.715	000 - 700	83.6700	81.5000	81.285	5.1	80.655	4.8	77.62	4.9	172.6
Malaysia	(M$)	2.4520	-0.0065	515 - 525	2.4630	2.4515	2.45	1.0	2.4476	0.7	2.442	0.4	-
New Zealand	(NZ$)	1.4817	-0.0057	813 - 824	1.4920	1.4781	1.4851	-2.8	1.4919	-2.8	1.5111	-2.0	-
Philippines	(Peso)	26.0500	-	000 - 000	26.1000	26.0000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7506	-	504 - 508	3.7508	3.7504	3.7515	-0.3	3.7536	-0.3	3.7656	-0.4	-
Singapore	(S$)	1.3910	-0.003	905 - 915	1.3940	1.3905	1.3858	4.5	1.3775	3.9	1.351	2.9	-
South Africa	(R)	3.6118	+0.0025	110 - 125	3.6158	3.6020	3.6298	-6.0	3.6671	-6.1	3.8611	-6.9	-
South Korea	(Won)	762.350	+0.1	300 - 400	762.400	761.400	765.35	-4.7	768.85	-3.4	787.35	-3.3	-
Taiwan	(T$)	25.4030	+0.013	980 - 080	25.4210	25.3980	25.423	-0.9	25.463	-0.9	-	-	-
Thailand	(Bt)	24.5000	-0.04	950 - 050	24.5700	24.4950	24.521	-1.0	24.5475	-0.8	24.635	-0.6	-

† SDR rate per $ for Apr 24. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 24. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

April 25	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4¾	5⅛	5 5/32	5⅜	5 9/32	7.40	4.00	-
week ago	4⅞	5⅛	5 5/32	5 5/16	5⅜	7.40	4.00	-
France	7 13/16	7 15/16	7¾	7 7/16	7⅛	5.00	-	8.00
week ago	7 11/16	7 13/16	7⅝	7⅜	7 5/16	5.00	-	8.00
Germany	5 5/32	4 7/16	4 9/16	4⅝	4 23/32	6.00	4.00	4.51
week ago	4½	4 7/16	4 9/16	4⅝	4⅞	6.00	4.00	4.50
Ireland	5 13/16	6 5/16	6⅞	7	7 5/16	-	-	6.25
week ago	5 13/16	6 3/16	6 11/16	6 13/16	7⅜	-	-	6.25
Italy	10⅛	10 13/32	10 19/32	11⅛	11 9/16	-	7.50	10.79
week ago	10¼	10 13/32	10 11/16	11⅛	11 7/16	-	7.50	10.46
Netherlands	4 7/16	4½	4 17/32	4 19/32	4 23/32	-	5.25	-
week ago	4.37	4½	4.62	4.75	5.00	-	5.25	-
Switzerland	3¼	3 5/16	3⅜	3 5/16	3 5/16	6.625	3.00	-
week ago	3⅜	3⅜	3⅜	3 5/16	3⅜	6.625	3.00	-
US	6	6	6⅛	6¼	6 7/16	-	5.25	-
week ago	6	6	6 3/16	6 5/16	6½	-	5.25	-
Japan	2 3/16	1⅜	1⅜	1⅜	1 5/16	-	1.00	-
week ago	2 3/16	1⅜	1 5/16	1 5/16	1 5/16	-	1.00	-
■ $ LIBOR FT London								
Interbank Fixing	-	6 1/16	6 3/16	6 5/16	6½	-	-	-
week ago	-	6 1/16	6⅛	6⅜	6⅝	-	-	-
US Dollar CDs	-	5.86	5.98	6.11	6.34	-	-	-
week ago	-	5.86	6.00	6.14	6.39	-	-	-
SDR Linked Ds	-	4 3/16	4 5/16	4 7/16	4 11/16	-	-	-
week ago	-	4 3/16	5	5 3/16	5 5/16	-	-	-

ECU Linked Ds mid rates: 1 mth: 6¼; 3 mths: 6 5/16; 6 mths: 6 7/16; 1 year: 6¾. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 25	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 13/32 - 4 11/32	5 - 4⅞	5 3/16 - 5 1/16	5 7/16 - 5 5/16	5 11/16 - 5 9/16	6 - 5⅞
Danish Krone	7⅛ - 6⅝	7 - 6⅝	7 - 6¾	7 3/16 - 6 13/16	7⅛ - 6⅞	7 3/16 - 6 13/16
D-Mark	4 9/16 - 4 7/16	4 9/16 - 4 7/16	4 9/16 - 4 7/16	4 9/16 - 4 7/16	4 11/16 - 4 9/16	4 13/16 - 4 11/16
Dutch Guilder	4 7/16 - 4⅜	4½ - 4⅜	4½ - 4 7/16	4 21/32 - 4 17/32	4¾ - 4⅝	5 - 4 15/16
French Franc	7⅞ - 7⅝	8 1/16 - 7 13/16	8⅛ - 7⅞	8 1/16 - 7 13/16	7 11/16 - 7 9/16	7 5/16 - 7 3/16
Portuguese Esc.	9 - 8¾	9½ - 9	10¼ - 9½	11 - 10 9/16	11 3/16 - 10⅞	11⅝ - 11⅜
Spanish Peseta	8 9/16 - 8 7/16	8⅝ - 8½	8 13/16 - 8 11/16	9 9/32 - 9 7/32	10 3/32 - 9 31/32	10 5/16 - 10 3/16
Sterling	6⅛ - 5⅞	6 5/16 - 6 3/16	6 9/16 - 6½	6 15/16 - 6 13/16	7 5/16 - 7⅛	7 11/16 - 7 9/16
Swiss Franc	3⅝ - 3½	3½ - 3⅜	3 7/16 - 3 5/16	3½ - 3⅜	3 9/16 - 3 7/16	3 11/16 - 3 9/16
Can. Dollar	7 15/16 - 7¾	8 - 7 13/16	7 15/16 - 7 13/16	7 15/16 - 7 13/16	7⅞ - 7¾	7 15/16 - 7 13/16
US Dollar	6 - 5⅞	6 1/16 - 5 15/16	6 1/16 - 5 15/16	6 3/16 - 6 1/16	6 5/16 - 6 3/16	6½ - 6⅜
Italian Lira	10⅛ - 9¾	10½ - 10⅛	10 9/16 - 10 7/16	10⅞ - 10¾	11 3/16 - 11 1/16	11 11/16 - 11 9/16
Yen	1 7/16 - 1⅜	1 13/32 - 1 11/32	1 13/32 - 1 11/32	1 7/16 - 1⅜	1 7/16 - 1⅜	1½ - 1 7/16
Asian $Sing	½ - ¼	⅞ - ⅝	1⅝ - 1½	2⅛ - 2	2½ - 2⅜	3 - 2⅞

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.74	92.65	-0.06	92.87	92.62	27,397	39,576
Sep	93.51	93.40	-0.13	93.61	93.40	6,819	35,503
Dec	93.55	93.48	-0.09	93.64	93.47	3,287	21,915
Mar	93.37	93.38	-0.05	93.47	93.37	804	13,829

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	-	93.72	-0.01	-	-	0	565
Sep	-	93.61	-0.01	-	-	0	349
Dec	-	93.41	-0.02	-	-	0	255

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 25		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.14	17.16	4.858	2.168	6002	5.439	21.91	514.7	435.1	26.15	4.011	2.205	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	(DKr)	52.23	10	8.966	2.537	1.132	3135	2.840	11.45	268.8	227.3	13.66	2.095	1.152	[illegible]	[illegible]	[illegible]	[illegible]
France	(FFr)	58.26	11.15	10	2.830	1.263	3497	3.168	12.77	299.8	253.5	15.24	2.337	1.285	[illegible]	[illegible]	[illegible]	[illegible]
Germany	(DM)	20.59	3.941	3.533	1	0.446	1236	1.119	4.511	105.9	89.56	5.384	0.826	0.454	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	(I£)	46.13	8.832	7.919	2.241	1	2769	2.509	10.11	237.4	200.7	12.07	1.850	1.017	[illegible]	[illegible]	[illegible]	[illegible]
Italy	(L)	1.666	0.319	0.286	0.081	0.036	100.	0.091	0.365	8.575	7.248	0.436	0.067	0.037	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	(Fl)	18.39	3.521	3.157	0.893	0.399	1104	1	4.030	94.65	80.01	4.809	0.738	0.406	[illegible]	[illegible]	[illegible]	[illegible]
Norway	(NKr)	45.63	8.736	7.833	2.217	0.989	2739	2.481	10	234.9	198.5	11.93	1.830	1.006	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	(Es)	19.43	3.720	3.335	0.944	0.421	1166	1.057	4.258	100.	84.53	5.081	0.779	0.428	[illegible]	[illegible]	[illegible]	[illegible]
Spain	(Pta)	22.99	4.400	3.945	1.117	0.498	1380	1.250	5.037	118.3	100.	6.011	0.922	0.507	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	(SKr)	38.24	7.320	6.563	1.858	0.829	2295	2.079	8.379	196.8	166.4	10	1.534	0.843	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	(SFr)	24.93	4.773	4.279	1.211	0.540	1496	1.356	5.463	128.3	108.5	6.520	1	0.550	[illegible]	[illegible]	[illegible]	[illegible]
UK	(£)	45.35	8.682	7.784	2.203	0.983	2722	2.466	9.938	233.4	197.3	11.86	1.819	1	[illegible]	[illegible]	[illegible]	[illegible]
Canada	(C$)	20.58	3.939	3.532	1.000	0.446	1235	1.119	4.509	105.9	89.52	5.381	0.825	0.454	[illegible]	[illegible]	[illegible]	[illegible]
US	($)	28.10	5.379	4.823	1.365	0.609	1686	1.528	6.157	144.6	122.2	7.348	1.127	0.620	[illegible]	[illegible]	[illegible]	[illegible]
Japan	(Y)	34.43	6.592	5.910	1.673	0.746	2067	1.872	7.546	177.2	149.8	9.005	1.381	0.759	[illegible]	[illegible]	[illegible]	[illegible]
Ecu		37.73	7.223	6.476	1.833	0.818	2265	2.052	8.268	194.2	164.1	9.867	1.513	0.832	[illegible]	[illegible]	[illegible]	[illegible]

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7295	0.7342	+0.0061	0.7355	0.7266	33,209	59,823
Sep	0.7252	0.7373	+0.0063	0.7386	0.7386	350	3,098
Dec	0.7399	0.7405	+0.0071	0.7415	0.7415	6	595

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High
Jun	1.2111	1.2262	+0.0152	1.2276
Sep	1.2380	1.2414	+0.0160	1.2420
Dec	1.2535	1.2570	+0.0160	1.2570

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8785	0.8891	+0.0102	0.8914	0.8768	19,047	27,639
Sep	0.8930	0.8935	+0.0088	0.8970	0.8925	117	2,186
Dec	0.8997	0.9020	+0.0091	0.9035	0.8997	22	529

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High
Jun	1.6026	1.6134	+0.0128	1.6156
Sep	1.6080	1.6110	+0.0100	1.6120
Dec	-	1.6100	-	1.6100

UK INTEREST RATES

LONDON MONEY RATES

Apr 25	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7½ - 6	6½ - 6	6 9/16 - 6 7/16	6 15/16 - 6 13/16	7¼ - 7	7¾ - 7½
Sterling CDs	-	-	6 9/16 - 6 7/16	6 27/32 - 6 23/32	7 - 6 15/16	7½ - 7⅜
Treasury Bills	-	-	6⅛ - 6	6½ - 6⅜	-	-
Bank Bills	-	-	6¼ - 6⅛	6⅝ - 6½	6 13/16 - 6 11/16	-
Local authority deps.	6 1/16 - 5 15/16	6⅛ - 6	6 9/16 - 6 7/16	6⅞ - 6¾	7 3/16 - 7 1/16	7⅝ - 7½
Discount Market deps	7 - 5¾	6 - 5 13/16	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¾	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc.
Certs of Tax dep. under £100,000 is 2½pc. ECGD fixed rate Stlg. Export Finance. Make up day Mar 31, 1995. Agreed rate for period Apr 26, 1995 to May 23, 1995, Schemes II & III 7.96pc. Reference rate for period Mar 1, 1995 to Mar 31, 1995, Schemes IV & V 6.713pc. Finance House Base Rate 7pc from Apr 1, 1995

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.87	92.75	-0.11	92.89	92.75	57632	91669
Sep	92.44	92.32	-0.10	92.46	92.31	35109	75127

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or –	1995 High	1995 low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 2nd Prf		68½	—	88	50¼	6.31	19.8	–
9¼pc Non-Cum Prf		4¼	—	119½	3	1.90	–	–
Cater Allen		476	—	477	418	153.2	7.4	9.8
Close Bros		281	–1	292	219	248.5	3.8	11.8
Gerrard & Nat		427	–1	480	385	287.9	7.0	12.3
Hambros		204	—	253	195	380.3	9.2	12.5
7½pc Cv Pf		98	—	112	94	128.2	9.6	–
Joseph (L)		363	—	408	363	19.2	6.1	10.6
King & Shaxson		88	–1	103	85	15.3	12.8	8.7
Kleinwort Benson		637xd	+1	683	529	861.7	4.2	11.4
Rea Bros		63xd	—	67	63	22.0	2.4	19.5
Schroders		1653xd	+15	1653	1380	1,653	1.8	15.7
N/V		1493xd	+10	1493	1235	421.4	1.8	13.8
Singer & Fried		81½xd	–½	88½	81	183.4	5.4	ф
Union		84xd	—	93	70	22.3	4.5	ф
Warburg (SG)		747	–4	764	655	1,690	3.7	13.7
Wintrust		285	—	285	200	17.4	6.5	13.7

BANKS, RETAIL

	Notes	Price	+ or –	1995 High	1995 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		[illegible]	+⅓	224⅓	221⅓	7,182	6.5	ф
ANZ A$		221	–4	233	198	3,068	5.1	8.2
Abbey National		470xd	–5	492	413	6,238	4.7	9.6
Allied Irish £		287xd	+1	295	250	1,913	4.8	8.4
Anglo Irish £		53	—	55	46	182.4	8.3	10.7
Asahi Y		768½	+13	774½	632½	17,798	0.7	–
Banco Bil Viz Pta		[illegible]	–⅛	217⅛	[illegible]	3,792	4.9	7.5
Banco Sant Pta		222½	—	224½	222½	3,480	5.9	ф
Bk Ireland £		394	+2	335	285	1,588	4.3	9.7
Bank Scotland		219	–2	230	191½	2,684	3.0	12.3
9¼pc Pf		111½xd	+¼	120	111¼	111.5	10.4	–
9¾pc Pf		116¼xd	–¼	125¼	112¾	116.8	10.4	–

[illegible]

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

INVESTMENT COMPANIES - Cont.

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL EXPLORATION & PRODUCTION - Cont.

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

Toronto-Dom		9¼xd	-⅛	10⅛	8⅜	2,750	4.4	
Trans Can Pipe	♥	8⅛	-⅛	8⅞	7⅞	1,469	4.7	

SOUTH AFRICANS

	Notes	Price	+ or -	1995 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£32½	.....	£34	£29	2,124	2.4	Φ
Barlow	♣	553	.....	583	412	1,216	1.6	22.6
Gold Flds Prop R		144xa	.....	152	118	14.7	7.1	Φ
Nk Props.		90	.....	95	85	3.62	12.8	-
SASOL	♥	568	.....	599	435	3,277	2.4	-
SA Brews	†	£16⅞	.....	£17⅞	£12⅞	4,740	1.7	27.4
Tiger Oats		862	.....	875	700	1,296	1.7	21.1
Tongaat-Hulett	††	743	.....	782	636	677.2	1.8	22.6

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Rule 4.2(a) Irish incorporated non-listed companies.
- ‖ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v P/e ratios are calculated under new ACT guidelines.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

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FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg. Call 0171-873 4378 (+44 171 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

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	Selling Price	Buying Price	+ or -	Yield Gross
Credis Investment Funds - Contd.				
[illegible]				

	Selling Price	Buying Price	+ or -	Yield Gross
Merrill Lynch Asset Management - Contd.				
Pacific Equity Portfolio				
Class A	$9.60		-0.04	-
Class B	$9.57		-0.03	-
Global SmallCap Portfolio				
Class A	$9.22		-0.04	-
Class B	$9.20		-0.04	-
Technology Portfolio				
Class A	$10.11		+0.07	-
Class B	$10.10		+0.07	-
Morgan Stanley Sicav				
Asian Equity Apr 25	$2345.8316		-	-
Emerging Grwth Sh Apr 18	$1144.2726		-	-
Emerging Mkts Apr 25	$1100.3671		-	-
European Eqty Apr 25	Ecu1144.9690		-	-
Global Equity Apr 25	$1673.8920		-	-
Japanese Equity Apr 19	Y70868.7809		-	-
US Equity Gth Apr 19	$1263.2586		-	-
Deutschemark Bond Apr 19	DM1177.7679		-	-
European Bd Apr 19	Ecu1443.3569		-	-
Global Bond Apr 19	$1620.2430		-	-
Nth American Bd Apr 19	$1108.5709		-	-
High Yield Bond Apr 19	$1289.4837		-	-
Real Yield Apr 19	$1095.3062		-	-
European Small Cap Apr 19	Ecu915.8882		-	-
US Small Cap Equity Apr 19	$1086.4186		-	-
US Value Equity Apr 19	$1084.5953		-	-
Latin American Apr 19	$818.1534		-	-
Short Maturity Ecu Bd Apr 19	Ecu1036.5440		-	-
Emerging Markets Debt Apr 25	$1035.7540		-	-
Murray Universal, Sicav				
American Port Apr 19	$38.37	40.28	-	-
European Port Apr 19	9.39	9.85	-	-
Japan Port Apr 19	$251.82	264.51	-	-
Pacific Port Apr 19	$19.50	20.50	-	-
NICAM Asia Pacific Umbrella Fund				
Asia-Pacific	$13.60	14.20	-	-
Hong Kong	$12.39	12.88	-	-
Singapore	$14.43	14.73	-	-
Malaysia	$15.44	15.78	-	-
Thailand	$14.40	14.70	-	-
Indonesia	$10.15	10.37	-	-
Philippines	$16.93	17.29	-	-
Oceania	$10.91	11.15	-	-
Korea	$8.70	8.70	-	-
*Price as at Apr 19				
Nikko Asia Convertible Bond Fund				
Nikko Asia Conv Bond NAV	$8.83		-	-
Nikko Bank (Luxembourg) S.A.				
US Index Fd-SICAV NAV	$11.08		-	-
Euro Index Fd NAV	Ecu11.41		-	-
Currency Fd - Yen Portfolio	Y100.07		-	-
Income Alpha Fund				
Portfolio A Shs	$100.73		-	-
Portfolio B Shs	$-		-	-
*Price as at April 25				
[illegible]				

OTHER OFFSHORE FUNDS

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGED FUNDS NOTES

[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

G7 nerves and rate worries dull Footsie shine

By Peter John

Overseas concerns, and mixed economic signals from the UK, took the shine off the latest leap in UK equities.

The FT-SE 100 Index burst through 3,230 in early trading to reflect a further strong performance from the Dow, which hit a new closing high on Monday night. Up 24.8 at best, and at an intraday high for the year, the UK index shrugged off inflationary data and held until the afternoon.

Then, a weak opening on Wall Street, coupled with a slide in US bonds, focused dealers' attention on the G7 meeting in Washington. Nervousness about a possible fracas over the dollar sent the Footsie scurrying back to end the day only 5.6 up at 3,214.9, but still at its highest level since September last year. It was helped by a rise in BAT Industries, following the conglomerate's agm, and further gains in the oil sector.

Second-line stocks, isolated from international pressures, fared slightly better and finished 13.7 ahead at 3,511.5. Seaq share volume yesterday was 676.9m shares, up from 520m on Monday, when the customer turnover represented £1.199bn.

At the start of trading, the market was presented with figures highlighting the favourable conditions experienced by exporters and showing a further rise in overseas sales to non-EU countries in March.

Shortly afterwards, GDP figures for the first quarter were released and came in well above most analysts' forecasts. The seasonally adjusted rise of 0.8 per cent, against the fourth quarter of 1994, and 3.9 per cent on the same period a year ago, compared with estimates of 0.6 per cent and 3.7 per cent.

Economists pointed to pressure on unit wage costs and capacity. But the consequent concern that interest rates could rise sooner than expected did not initially dent confidence in the equity market.

It was not until Wall Street opened that an element of concern appeared. The US market reacted to some higher than expected housing figures and strong consumer confidence data, both of which increased nervousness over interest rates there. The dollar lost its fragile recovery against the yen and the Dow trod water around 4,300.

Mr Nick Knight, the Nomura strategist who has taken a gloomy view of UK equities for the past year, believes the Footsie is on the edge of a cliff top and waiting to fall off. "If G7 does not come up with something soon, the dollar will go, T-bonds will go, and the Dow will go. It is folly in the extreme to think the Footsie will stay where it is when the Dow comes off."

But over at Morgan Stanley Mr Richard Davidson argued that the pessimists have ignored the strong UK corporate recovery, which was underlined by the GDP figures.

The US house has just started advising clients to shift funds out of gilts and into equities, and out of other European equities to the UK.

"The market has already discounted the macro risks of currency and inflation but it has not discounted the corporate fundamentals," said Mr Davidson.

The house is recommending banks, water utilities, conglomerates, oils and materials groups.

FT-SE-A All-Share Index

Source: FT Graphite

Equity shares traded

Indices and ratios

FT-SE 100	3214.9	+5.6
FT-SE Mid 250	3511.5	+13.7
FT-SE-A 350	1595.8	+3.5
FT-SE-A All-Share	1575.48	+3.69
FT-SE-A All-Share yield	4.07	(4.07)
FT Ordinary index	2438.4	+3.9
FT-SE-A Non Fins p/e	17.32	(17.28)
FT-SE 100 Fut Jun	3225.0	+8.0
10 yr Gilt yield	8.71	(8.68)
Long gilt/equity yld ratio	2.10	(2.09)

Best performing sectors

1 Tobacco +1.3
2 Oil Exploration & Prod +0.9
3 Building & Construct +0.9
4 Insurance +0.9
5 Property +0.8

Worst performing sectors

1 Gas Distribution -1.3
2 Electricity -0.3
3 Banks, Retail -0.2
4 Utilities -0.1
5 Spirits, Wines & Cider -0.1

Dividend hopes for BAT

Tobacco and insurance conglomerate BAT Industries closed 6¼ higher at a new 1995 peak of 466¼p following what analysts described as a very positive annual meeting. At one stage during the session the shares, heavily traded in 9.8m, were sitting on a gain of 15.

Bolstered by the first time inclusion of the $1bn American Tobacco acquisition and with Brazilian turnover – some 15 per cent of the group total – moving strongly, BAT expects tobacco volume to grow by well over 10 per cent in 1995 and is looking for a "significant real increase" in dividends.

On a 5.8 per cent yield, the shares already offer one of the highest Footsie returns, and the consensus among analysts yesterday suggested that dividend growth this year and next would run to 8 per cent.

There could also be further insights into the trading background from an analysts trip to Brazil scheduled for the second week of May.

Oils switched

The oil sector attracted heavy activity throughout one of its busiest trading sessions for many weeks, as the market reacted positively to a spate of excellent first-quarter results from the US oil majors.

Of these, Mobil's and Exxon's numbers were rated as outstanding by Europe-based oil analysts, who pointed to the stunning performances by the US companies' chemicals divisions.

The sector did provide, however, one of the most disappointing performers in the FT-SE 100 in British Petroleum. In early trading BP extended its recent outstanding performance, climbing to yet another all-time high of 459p, before running into a flurry of switching activity and straight selling. Traders said many institutions had switched out of BP and into Shell Transport or Enterprise Oil.

Dealers said the shares were among the first in the UK market to be affected by the latest downside pressure on the dollar. "Because of its huge US shareholder base and the liquidity in the stock, BP always bears the brunt of any currency-led arbitrage activity," said one specialist. Shell's outperformance against BP was a reflection of the fact that US investors preferred to hold Royal Dutch shares rather than Shell.

At the close BP were 2½ off at 452p after turnover of 19m, while Shell rose 4½ to 734p on 6.2m traded. BP announces first-quarter numbers on May 9, with Shell reporting two days later. Enterprise moved up 5 to 414p on relatively high turnover of 4.3m.

SmithKline boost

In pharmaceuticals, SmithKline Beecham "A" hardened 3 to 497p in solid trade of 4.7m as the market appreciated news that Famvir, its antiviral drug, had received UK approval for the treatment of recurrent genital herpes.

The drug, launched in January 1994, had previously only been approved for the treatment of shingles, a much smaller potential market than genital herpes.

Analysts at Merrill Lynch welcomed the news and said: "The approval will further underpin the excellent sales growth of SmithKline Beecham's new product portfolio which has more than offset the off patent Tagamet sales."

In the rest of the sector, turnover in Fisons jumped to 9.1m in hectic trading and the shares put on 6 at 184p as rumours of a hostile bid for the group went round the market.

Weekend press reports suggested that bid candidate Medeva was looking for an agreed bid from Fisons. Medeva closed 3½ lower at 251p.

As expected, Abbey National shares raced higher shortly after the opening, as the market's enthusiasm over a potential tie-up with the National & Provincial Building Society drove the stock up to a record 492p. The momentum quickly evaporated, however, as worries about the chances of a bid succeeding and the cost and funding methods triggered waves of profit-taking. Switching out of Abbey and into Lloyds Bank was another factor behind the slide in Abbey. This left the shares a net 5 lower at 475p. Turnover reached 5.2m.

"Lloyds paid around 1.3 to 1.4 times book value for Cheltenham and Gloucester, if Abbey has to pay more it will be seen to be paying over the odds," said one trader.

Turnover in TSB continued at a high level, with 6.2m shares changing hands. The shares built on Monday's strong run, gaining 4¼ at 248p, with dealers noting further keen demand and renewed talk that a predator could be circling. There was strong demand for TSB in the options market last week. Bid sceptics pointed out that TSB shares were trading at double their net asset value of 125p a share.

NatWest Securities was the driving force behind Sun Alliance, up 4 at 338p, and Guardian, marginally higher at 187p, after buy recommendations on both stocks.

Rolls-Royce added 2½ at 173p in 14m trade. British Aerospace put on 6 at 520p and submarine maker VSEL gained 17 at 1655p. Bids for VSEL from both BAe and electronics giant GEC are awaiting an imminent monopolies ruling.

The latest round of results news from the world steel industry sparked a flurry of activity in British Steel, which closed a penny higher at 161p in the day's best activity among Footsie stocks.

Turnover was 21m and trading hectic. A substantial two-way pull developed as the debate on the strength of the present steel cycle looked to have been renewed by surging first quarter volume at Sweden's SSAB. In contrast, volume at US Steel stayed pedestrian in the three months, although the group moved decisively out of the red.

British Airways dipped 3 to 398p in heavy turnover of 4.8m as one big seller was said to have put 1m shares through the market. Analysts said the movement looked slightly out of place in the context of the strong traffic figures expected next Wednesday. This year, April had Easter all to itself and, as a result, is likely to show a strong advance over 1994 numbers.

Bargain hunters together with some favourable comment helped shares in Associated British Foods, the milling, baking and sugar group, bounce from Monday's weakness that followed the release of disappointing figures. They closed 10 ahead at 648p.

Brewer Whitbread firmed 1½ to 552p after Strauss Turnbull advised investors to switch into the stock from Scottish & Newcastle. The broker believe Scottish shares are "fully valued with little short term upside." Whitbread reports full year figures next week.

Strong two way trading in Sears, which reported improved figures, brought hefty volume of 19m as the shares rose 1¼ to 104½p.

Lloyds Chemists moved ahead on speculation that Kingfisher will launch a bid for the group. The former gained 8¼ at 227p, while the latter eased 2 to 444p.

MARKET REPORTERS:
Steve Thompson,
Joel Kibazo,
Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Apr 25	Apr 24	Apr 21	Apr 20	Apr 19	Yr ago	*High	*Low
Ordinary Share	2438.4	2434.5	2435.9	2421.4	2419.5	2492.4	2454.1	2238.3
Ord. div. yield	4.34	4.34	4.35	4.37	4.37	3.99	4.73	4.31
P/E ratio net	16.58	16.56	16.55	16.45	16.46	19.72	21.33	16.45
P/E ratio nil	16.50	16.49	16.47	16.37	16.39	20.65	22.21	15.77

*For 1995. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2446.2	2447.5	2450.8	2452.6	2450.9	2450.8	2447.3	2444.8	2438.4	2453.2	2436.3

	Apr 25	Apr 24	Apr 21	Apr 20	Apr 19	Yr ago
SEAQ bargains	25,416	22,768	24,791	21,361	20,557	27,128
Equity turnover (£m)†	-	1198.7	1472.9	1904.2	1252.4	1557.2
Equity bargains†	-	32,117	38,854	33,477	30,439	30,594
Shares traded (ml)†	-	526.1	719.6	760.1	499.2	635.2

†Excluding intra-market business and overseas turnover.

■ London market data

Rises and falls*		1995 Highs and lows		LIFFE Equity options	
Total Rises	813	Total Highs	210	Total contracts	29,878
Total Falls	495	Total Lows	49	Calls	12,535
Same	1569			Puts	17,343

April 25. *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	3238.0	3225.0	+8.0	3252.0	[illegible]	[illegible]	[illegible]
Sep	3240.0	3247.0	+8.0	3240.0	[illegible]	[illegible]	[illegible]
Dec	-	3277.0	+8.0	-	[illegible]	[illegible]	[illegible]

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

■ FT-SE 100 INDEX OPTION (LIFFE) (£214) £10 per full index point

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995 High	1995 Low	Stock
170	F.P.	74.1	171	171	Biocompatibles Int'l
-	P.P.	128.8	704	689	Brit Aero Cap Uts
60	F.P.	9.66	63	61	Coral Products
§128	F.P.	15.5	135	128	Dailywin
§130	F.P.	52.1	156	135	Datrontech
-	F.P.	141.0	105	103	Dunyat An Div
-	F.P.	29.1	105	103	Do. Monthly Div
100	F.P.	20.0	101	100	F&C SUIT Units
100	F.P.	29.4	101	98	Geared Inc Inv C
476	170	6,256.2	193	158½	*Natl Power (P/P)
90	F.P.	18.2	96	90	PTS
512	185	4,097.7	206	178½	*PowerGen (P/P)
125	F.P.	18.8	128	125	Precoat Int'l
270	F.P.	72.5	318	302	Rainford
-	F.P.	81.5	104½	103	Schroder Inc Gth
-	F.P.	4.75	30	26	Do. Warrants
100	F.P.	23.3	99	95	Scott Or Smlr Cos
-	F.P.	0.04	1600	5	Superframe Wts
97	F.P.	43.3	158	133	Vision

* Note: Issue price 10p higher for institutional and overseas investors.

FT GOLD MINES INDEX

	Apr 24	% chg on day	Apr 21	Apr 20	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1982.73	+0.4	1974.13	1989.39	1768.31	2.16	2237.99	1837.91
■ Regional Indices								
Africa (16)	2747.33	+0.3	2738.40	2763.36	2446.51	4.81	3711.57	2365.52
Australasia (7)	2423.10	-0.6	2437.72	2532.73	2370.03	1.62	2951.49	1768.20
North America (11)	1700.13	+0.7	1687.82	1681.48	1476.93	0.80	1911.21	1348.18

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Latest prices were unavailable for this edition.

FT-SE Actuaries Share Indices — The UK Series

	Apr 25	Day's chge%	Apr 24	Apr 21	Apr 20	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3214.9	+0.2	3209.3	3199.9	3174.7	3125.3	4.24	1.92	15.33	51.80	1248.13
FT-SE Mid 250	3511.5	+0.4	3497.8	3505.1	3489.3	3777.7	3.68	1.79	18.97	44.03	1340.07
FT-SE Mid 250 ex Inv Trusts	3520.0	+0.4	3507.3	3515.4	3500.0	3792.0	3.83	1.85	17.67	46.02	1342.13
FT-SE-A 350	1595.8	+0.2	1592.3	1589.4	1578.1	1587.9	4.12	1.89	16.02	24.44	1286.71
FT-SE-A 350 Higher Yield	1610.7	+0.1	1608.4	1604.1	1591.1	1590.2	5.05	1.68	14.71	32.04	1055.60
FT-SE-A 350 Lower Yield	1580.6	+0.3	1575.5	1574.3	1565.0	1545.2	3.02	2.31	17.89	16.40	1053.18
FT-SE SmallCap	1756.45	+0.4	1749.67	1749.59	1744.29	1936.93	3.44	1.59	22.81	21.84	1390.48
FT-SE SmallCap ex Inv Trusts	1732.81	+0.4	1726.40	1726.06	1721.08	1912.82	3.66	1.66	20.58	22.52	1377.18
FT-SE-A ALL-SHARE	1575.48	+0.2	1571.79	1569.15	1558.49	1579.75	4.07	1.88	16.40	23.78	1271.47

■ FT-SE Actuaries All-Share

	Apr 25	Day's chge%	Apr 24	Apr 21	Apr 20	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	2804.44	+0.1	2802.70	2796.37	2763.88	2671.16	3.67	1.75	19.48	52.95	1154.81
12 Extractive Industries(7)	3865.67	-0.1	3868.33	3893.64	3894.37	3839.92	3.84	1.96	16.58	91.94	1038.01
15 Oil, Integrated(3)	2808.51	----	2808.36	2795.74	2759.07	2605.77	3.77	1.79	18.54	50.43	1181.81
16 Oil Exploration & Prod(14)	2044.61	+0.9	2026.78	2028.88	1986.31	2062.38	2.42	0.43	80.00†	31.57	1202.92
20 GEN INDUSTRIALS(279)	1876.69	+0.4	1868.88	1872.50	1865.80	2118.12	4.19	1.83	18.36	29.48	980.45
21 Building & Construction(38)	960.51	+0.9	952.29	956.94	958.23	1344.21	4.14	1.89	15.97	17.37	772.35
22 Building Matls & Merchs(31)	1738.24	+0.4	1731.60	1735.04	1720.44	2128.78	4.26	1.88	15.61	27.71	840.46

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

TRADING VOLUME

■ Major Stocks Yesterday

LEGAL NOTICES

No: 001883 of 1995

In the High Court of Justice
Chancery Division

IN THE MATTER OF
ACORN COMPUTER GROUP PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 23rd day of March 1995 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share premium account of the above named Company by £19,199,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday, 10th May 1995.

ANY CREDITOR or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share premium account should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated this 26th day of April 1995

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London EC2A 2HA
Tel: 0171-638 1111
Ref: SAW/A4966/00140
Solicitors for the said Company

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVERS

Name of company: Booth Remedial Systems Limited. Registered No. 2705790. Trading name: Booth Remedial Systems Limited. Former name: Hydra Remedial Systems Limited. Trade classification: 23. Name and address of joint administrative receivers: David John Stokes and Michael Joseph Moore, Coopers & Lybrand, 1 East Parade, Sheffield, S1 2ET. Office holder numbers: 2682 and 5562. Date of appointment: 13 April 1995. Name of appointer: National Westminster Bank PLC.

Signed: D. J. Stokes

Date: 18 April 1995

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVERS

Name of company: Luda Concrete Products Limited. Registered No: 166140. Trading name: Luda Concrete Products Limited. Trade classification: 23. Name and address of joint administrative receivers: David John Stokes and Michael Joseph Moore, Coopers & Lybrand, 1 East Parade, Sheffield, S1 2ET. Office holder numbers: 2682 and 5562. Date of appointment: 13 April 1995. Name of appointer: National Westminster Bank PLC.

Signed: D. J. Stokes

Date: 18 April 1995

هكذا من الاصل

هكذا من الاصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 25 / Sch)

BELGIUM/LUXEMBOURG (Apr 25 / Frs.)

CZECH REP (Apr 25 / Koruna)

DENMARK (Apr 25 / Kr)

FINLAND (Apr 25 / Mkk)

FRANCE (Apr 25 / Frs.)

GERMANY (Apr 25 / Dm.)

GREECE (Apr 25 / Drachma)

ITALY (Apr 24 / Lire)

NETHERLANDS (Apr 25 / Fls.)

NORWAY (Apr 25 / Kroner)

POLAND (Apr 24 / Zloty)

PORTUGAL (Apr 24 / Escudo)

SPAIN (Apr 25 / Pts.)

SWEDEN (Apr 25 / Kronor)

SWITZERLAND (Apr 25 / Frs.)

TURKEY (Apr 25 / Tk Lira)

PACIFIC

JAPAN (Apr 25 / Yen)

AUSTRALIA (Apr 24 / AusS)

HONG KONG (Apr 25 / H.K.S)

INDONESIA (Apr 25 / Rupiah)

MALAYSIA (Apr 24 / MYR)

NEW ZEALAND (Apr 24 / NZ $)

SINGAPORE (Apr 25 / S$)

SOUTH KOREA (Apr 25 / Won)

TAIWAN (Apr 25 / TW $)

THAILAND (Apr 25 / Baht)

NORTH AMERICA

CANADA

TORONTO (Apr 25 / Can $)

4 pm close

MONTREAL (Apr 25 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Apr 25 / Rand)

INDICES

	Apr 25	Apr 24	Apr 21	1995 High		1995 Low	
Argentina							
General (29/12/77)	(u)	15434.59	15091.23	16531.10	2/1	8831.09	9/3
Australia							
All Ordinaries(1/1/80)	(c)	1999.1	2000.9	2040.50	18/4	1823.30	8/2
All Mining(1/1/80)	(c)	928.8	925.7	952.50	19/4	796.30	8/2
Austria							
Credit Aktien(30/12/84)	354.67	354.36	358.40	395.42	2/1	369.32	30/3
Traded Index(2/1/91)	959.80	954.30	960.27	1058.31	2/1	934.93	30/3
Belgium							
BEL20 (1/1/91)	1411.93	1397.97	1397.60	1411.93	25/4	1271.53	9/3
Brazil							
Bovespa (29/12/83)	(u)	35129.0	(c)	43199.80	2/1	21382.08	9/3
Canada							
Metals Minls♦(1975)	(u)	4137.57	4068.92	4328.87	18/1	3559.60	1/3
Composite♦ (1975)	(u)	4260.70	4258.10	4319.48	30/3	3991.41	30/1
Portfolio§§ (4/1/83)	(u)	2132.86	2111.87	2145.48	13/4	1948.39	31/1
Chile							
IPSA Gen (31/12/80)	(u)	5421.21	5357.8	5518.21	17/1	4076.99	9/3
Denmark							
CopenhagenSE(3/1/83)	340.40	338.02	338.58	357.07	13/2	330.01	29/3
Finland							
HEX General(28/12/90)	1747.5	1711.5	1691.3	1940.30	10/1	1555.30	29/3
France							
SBF 250 (31/12/90)	1271.78	1258.10	1259.18	1271.78	25/4	1150.14	10/3
CAC 40(31/12/87)	1945.93	1918.51	1928.37	1945.93	25/4	1721.60	13/3
Germany							
FAZ Aktien(31/12/58)	741.42	733.96	733.64	785.81	16/2	708.87	30/3
Commerzbank(1/12/53)	2127.9	2104.4	2093.8	2259.00	16/2	2018.70	30/3
DAX (30/12/87)‡	2008.99	1976.21	1978.54	2135.94	15/2	1910.96	28/3
Greece							
Athens SE(31/12/80)	827.49	(c)	(c)	898.22	4/1	787.15	18/3
Hong Kong							
Hang Seng(31/7/64)	8505.60	8625.55	8645.39	8827.93	28/3	6967.93	23/1
India							
BSE Sens.(1979)	3273.17	3309.00	3382.79	3932.00	2/1	3230.31	22/2
Indonesia							
Jakarta Comp.(10/8/82)	421.78	420.19	419.52	481.22	5/1	414.21	19/4
Ireland							
ISEQ Overall(4/1/88)	1876.03	1865.51	1871.71	1992.77	19/2	1813.59	23/1
Italy							
Banca Comm Ital (1972)	(c)	612.27	621.43	680.54	10/2	587.88	23/3
MIB General (2/1/85)	(c)	975.0	992.0	1078.00	10/2	929.00	23/3
Japan							
Nikkei 225 (16/5/49)	16910.54	16804.05	16968.24	19723.06	2/1	15381.29	3/4
Nikkei 300 (1/10/82)	247.22	245.75	248.60	287.17	2/1	228.05	24/3
Topix (4/1/68)	1336.60	1329.28	1341.35	1559.09	2/1	1239.67	24/3
2nd Section (4/1/68)	1695.05	1694.50	1695.30	2133.85	2/1	1601.83	24/3
Malaysia							
KLSE Comp.(4/4/86)	(c)	975.05	977.34	999.79	5/4	840.87	24/1
Mexico							
IPC (Nov 1978)	(u)	2017.20	1919.42	2364.25	2/1	1447.52	27/2
Netherland							
CBS TtlRtnGen(End 83)	439.6	439.0	438.8	447.00	10/2	422.80	23/3
CBS All Shr (End 83)	275.1	274.7	274.8	280.40	10/2	265.20	23/3
New Zealand							
Cap. 40 (1/7/86)	(c)	2120.10	2116.01	2123.83	20/4	1901.43	5/1
Norway							
Oslo SE(Ind)(2/1/83)	1145.31	1138.28	1126.42	1152.68	6/2	1038.00	10/3
Philippines							
Manila Comp (2/1/85)	2481.92	2512.63	2502.48	2808.39	3/1	2248.39	27/3
Portugal							
BTA (1977)	(c)	2770.3	2772.1	2911.89	9/1	2692.40	26/1
Singapore							
SES All-S'pore(2/4/75)	501.53	501.59	501.18	535.08	5/1	472.99	23/1
South Africa							
JSE Gold (28/9/78)	1479.4♥	1491.7	1494.8	2023.60	2/1	1357.89	27/3
JSE Ind. (28/9/78)	5794.3♥	5733.4	5705.2	6064.49	2/1	5222.08	31/1
South Korea							
KoreaCmpEx(4/1/80)**	878.76	876.89	903.16	1027.37	2/1	876.89	24/4
Spain							
Madrid SE (30/12/85)	278.94	276.49	276.06	290.08	6/2	264.06	23/3
Sweden							
AffarsvarldnGen (1/2/37)	1542.7	1527.0	1515.5	1583.80	14/2	1439.88	29/3
Switzerland							
Swiss Bk Ind (31/12/58)	1209.79	1209.95	1202.55	1267.80	14/2	1174.63	13/3
SBC General (1/4/87)	900.76	899.27	899.04	928.91	4/1	870.56	13/3
Taiwan							
WeightedPr.(30/6/66)**	5903.14	5963.86	5943.21	7124.66	3/1	5903.14	25/4
Thailand							
Bangkok SET (30/4/75)	1169.79	1174.55	1173.16	1373.86	5/1	1135.69	18/3
Turkey							
Istanbul Cmp.(Jan 1986)	50680.9	49676.1	54553.9	54553.90	21/4	24944.31	23/1
WORLD							
MS Capital Int (1/1/70)$	689.1*	683.6	683.4	689.19	25/4	598.21	23/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1295.85	1281.08	1289.45	1349.39	10/2	1222.41	13/3
Euro Top-100 (26/6/90)	1182.36	1173.83	1176.06	1282.67	10/2	1114.54	10/3
JCapalOrgns (31/12/88)	(u)	309.86	309.17	309.59	14/4	282.07	23/1
Barings Emerg.(7/1/92)	141.48	139.59	138.28	166.07	2/1	117.15	10/3

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40 (200 x index)							
Apr	1934.0	1949.0	+29.0	1951.0	1932.0	35,243	24,542
May	1931.0	1948.5	+30.0	1948.0	1930.0	11,346	16,824
DAX							
Jun	1992.0	2012.0	+33.0	2019.0	1991.0	23,295	112,955
Sep	2014.0	2036.5	+35.0	2039.0	2014.0	209	2,675
OMX							
Apr	1195.00	1201.00	+14.25	1201.00	1192.50	5,748	20,128
May	1183.75	1189.75	+14.50	1190.00	1180.50	4,028	6,706
SOFFEX							
May	2552.0	2539.0	+2.0	2559.0	2539.0	3,062	13,511
Jun	2536.0	2528.0	+1.0	2537.0	2526.0	8	1,017

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
S&P 500							
Jun	514.95	515.20	+0.20	515.50	514.00	88,250	198,899
Sep	518.70	519.50	+0.20	519.50	518.40	1,113	14,170
Nikkei 225							
Jun	16950.0	16900.0	+50.0	17160.0	16880.0	28,580	123,403
Sep	17000.0	16980.0	+30.0	17170.0	16980.0	110	1,842

Open interest figures for previous day.

** Sat Apr 15: Taiwan Weighted Price 6347.75; Korea Comp Ex 911.41. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Apr 25 - 2007.67 +25.60.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

US INDICES

Dow Jones	Apr 24	Apr 21	Apr 20	1995 High	1995 Low	Since compilation High	Since compilation Low
Industrials	4303.98	4270.69	4230.66	4303.98 (24/4)	3832.08 (30/1)	4303.98 (24/4/95)	41.22 (2/7/32)
Home Bonds	99.07	99.14	98.96	99.14 (21/4)	93.63 (3/1)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1650.18	1642.98	1634.35	1667.65 (13/4)	1473.19 (3/1)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	194.90	192.56	192.92	196.74 (8/2)	183.03 (3/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4328.88 (4296.37) Low 4239.65 (4214.41) (Theoretical♦)
Day's high 4310.90 (4270.45) Low 4256.25 (4230.66) (Actual♦)

Standard and Poors	Apr 24	Apr 21	Apr 20	1995 High	1995 Low	Since compilation High	Since compilation Low
Composite ‡	512.89	506.49	505.29	512.89 (24/4)	459.11 (3/1)	512.89 (24/4/95)	4.40 (1/6/32)
Industrials♥	610.43	604.77	600.27	610.42 (24/4)	546.28 (3/1)	610.42 (24/4/95)	3.62 (21/6/32)
Financial	47.80	47.44	47.37	47.81 (7/4)	41.41 (2/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	278.84	274.76	273.08	278.84 (24/4)	250.73 (3/1)	278.84 (24/4/95)	4.46 (25/4/42)
Amex Mkt Val	473.57	472.10	471.71	473.57 (24/4)	433.12 (6/1)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	828.91	823.48	819.01	832.84 (13/4)	743.58 (3/1)	832.84 (13/4/95)	54.87 (31/10/72)

RATIOS

	Apr 21	Apr 13	Apr 7	Year ago
Dow Jones Ind. Div. Yield	2.57	2.60	2.61	2.79
	Apr 19	Apr 12	Apr 5	Year ago
S & P Ind. Div. yield	2.27	2.25	2.26	2.55
S & P Ind. P/E ratio	18.06	18.15	18.11	23.24

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Telefonos	8,751,900	31¼	+1⅛
Amer T & T	6,345,400	49⅛	----
IBM	4,318,200	93⅜	+1¼
Chrysler	3,884,800	44½	-⅛
Motorola	3,827,900	54⅛	+2
Compaq	3,798,500	37⅛	+⅛
Norsk Hydro	3,117,200	40⅛	+⅛
Micron	3,029,900	79⅝	+3¼
Wal-Mart	2,985,300	24⅛	-⅛
Grupo Tel	2,816,700	20⅝	+1⅛

TRADING ACTIVITY

● Volume (million)	Apr 24	Apr 21	Apr 20
New York SE	328.184	403.548	365.693
Amex	17.318	19.028	18.177
NASDAQ	290.108	358.105	379.271
NYSE			
Issues Traded	2,963	2,968	2,982
Rises	1,374	1,317	1,163
Falls	841	847	1,017
Unchanged	748	804	802
New Highs	127	104	81
New Lows	13	23	29

TOKYO - MOST ACTIVE STOCKS: Tuesday, April 25, 1995

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	3.9m	337	+1
Tosoh	3.4m	445	+4
Sumitomo Mtl	3.3m	285	+2
Toshiba	3.2m	569	
Hitachi	2.9m	881	-9
Mitsubishi Oil	2.7m	876	+9
Nip Hsg Loan	2.6m	186	+5
Nippon Paper	2.0m	665	-8
Mitsubishi Hvy	1.9m	623	-4
NKK	1.9m	234	-2

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close April 25

1995 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
14⅛	12⅞	AAR	0.48	3.4	23	329	14⅛	13½	14	+⅜
24	19¾	ALPharmaA	0.18	0.8	285	186	23	22⅝	22⅞	-⅛
41¾	35	AMP	0.92	2.2	23	5296	41⅝	41	41	-⅜
70	53⅜	AMR			22	1145	67⅞	65⅝	67⅜	+1⅞
47⅞	41⅞	ASA	1.71	3.7	30	556	46⅛	45⅝	45⅜	+½
39⅛	30¾	AbbotL	0.84	2.2	19	20686	38¾	38	38⅛	-¾
14⅝	12	Abitibi Pr	0.40	2.8	107	288	14⅛	14	14	
24⅜	21	ABM Ind	0.60	2.6	13	8	23⅛	23	23⅛	
16⅝	14¼	Acpitcoln			8	123	15⅝	15⅜	15⅝	+⅛
27	21⅞	ACE Ltd	0.44	1.6	8	1688	u27½	27	27	+⅛
9¾	8⅛	ACM Gvt In	0.90	10.6	7	181	8⅝	8½	8½	
7½	6½	ACM GvOpp	0.66	9.8		21	6¾	6⅝	6¾	+⅛
7½	6¾	ACM Gvt Sp	0.75	12.0		445	6⅜	6¼	6¼	
8⅝	7⅛	ACM Gvt Se	0.90	12.0		471	7⅝	7½	7½	
8½	7⅝	ACM Man	1.08	13.3		792	8¼	8⅛	8⅛	-⅛
7⅝	7⅛	ACM Managd	0.72	9.6		152	u7⅝	7½	7½	
21	10¾	AcmeClv	0.48	2.4	11	61	20¼	19⅝	19⅝	-⅝
21½	12⅜	Acme Elect			23	351	20⅜	19⅞	20⅜	+⅜
34½	31⅜	Acordia	0.72	2.2	16	44	33	32⅝	32¾	-¼
11⅜	8⅝	Actava	0.36	3.8	7	408	9½	9¼	9⅜	+⅛
16¾	11⅛	Acuson			17	187	11⅜	d11⅛	11⅛	-⅛
17¼	15⅝	Adams Expr	0.48	2.8	0	409	u17¼	17	17⅛	
68½	53	Ad Micro				65	66	66	66	
36⅞	25	AdvMic			10	12299	35¾	35⅛	35⅛	+⅛
6⅜	5	Advest Grp	0.16	2.7	30	132	5⅞	5¾	5⅞	
21⅜	16½	Advo Inc	0.10	0.5	15	616	20⅛	19½	19½	-⅞
77½	63⅞	Aegon ADR	1.47	1.9	15	83	u77⅞	77⅝	77⅞	+¾
4⅛	3⅜	Aarfix			5	292	3¾	3⅝	3¾	

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4 pm close April 25

NYSE COMPOSITE PRICES

Continued from previous page

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
10	8	SantaFeERs	0.16	1.7	158	887	9½	9⅜	9⅜	-⅛
13¼	9	SFeGd			30	2328	u13¼	13	13⅛	
37	33¼	SFePPipe	3.00	8.1	9	161	36⅞	36⅛	36⅞	+⅞
24	17⅛	SanFeP	0.10	0.4	26	1423	23¾	23½	23½	-⅛
28½	24¼	SaraLee	0.68	2.4	57	3531	28¼	28	28⅛	-⅛
45⅛	41⅛	Scana Corp	2.88	6.7	13	189	42⅞	42⅝	42¾	+⅛
16¾	14½	Scecorp	1.00	6.1	10	12077	16⅝	16¼	16½	+⅛
11¼	8	SchawkA	0.28	3.2	12	64	8¼	d8	8	
50¼	42⅞	ScheringP			29	404	47½	46½	47¼	+⅞
79¾	71	SchrPl	2.32	3.0	15	3655	77⅜	76½	76¾	-⅞
64	50⅛	Schlmb	1.50	2.4	27	8597	63¾	62⅝	63⅝	-⅞
46⅞	28⅜	Schwab(C)	0.24	0.7	21	2460	34	32⅞	33½	+½
11⅛	7¾	Schwitzer			8	321	10⅝	10⅛	10½	
24⅞	17½	SciAtl	0.06	0.2	31	4287	24⅝	23½	24⅝	+1
19⅛	16⅞	Scotsmn	0.10	0.5	12	510	u19¼	18⅝	18⅝	-⅜
91⅛	67⅛	ScottP	0.40	0.5	20	1663	89¼	88¼	88⅝	+¼
32¾	26⅞	Scripps	0.44	1.5	17	765	29⅜	28	28½	-1
21½	14⅛	ScuddNAsF	0.02	0.1		128	16⅞	15⅝	15⅝	-⅛
9⅜	8⅝	ScuddrNEuF	0.16	1.7		765	u9½	9¼	9⅜	
18½	13⅜	SeaCnB	0.70	4.6	10	5	15⅞	15⅜	15⅜	-⅜
16	14⅝	SeaC1.4625	1.46	9.7		z100	15	15	15	
30⅝	23⅜	S'gate			9	6264	u31⅛	30¼	30⅞	+⅝
32¾	25⅝	Seagrm	0.60	2.2	12	8771	27¼	26⅜	27⅛	+⅞
20	15¾	Seagull En			194	607	17⅞	17½	17½	-⅛
45½	35⅞	Sealed Air			22	141	43	42½	42⅞	
54¾	44⅛	SearsR	1.60	3.0	16	12221	54¼	53⅝	53⅝	-¼
18½	16⅜	SecCapSBI	1.15	6.7	26	1131	17½	17⅛	17¼	
12¼	10⅜	Seligm Sel x	0.84	7.0		85	12	11⅞	12	+⅛
35⅞	27¼	Sensormat	0.22	0.8	21	7881	27⅞	d26¾	26¾	-1⅜
31¾	21⅞	SequaA	0.60	1.9	10	69	31¼	30¾	31	+⅛
35	23	SequaB	0.50	1.4	18	20	u35	35	35	
29⅛	26¼	ServCp	0.44	1.6	18	1223	28	27⅛	28	+⅞
25	21½	SvMstr	0.96	4.0	13	208	24¼	24	24⅛	+⅛
5¾	4⅛	ServMerch			9	879	5	4⅞	5	+⅛
17⅛	12	Shaw Ind	0.30	2.3	14	2867	13⅜	13	13¼	-¼
27	16½	Shawmut Nt	0.88	3.3	14	2233	26⅞	26¾	26⅞	
10¼	7⅝	Shelby Wil	0.28	3.0	92	86	9⅜	9⅛	9¼	-⅛
71⅝	64¼	ShellTr	2.77	3.9	24	130	71¼	70⅞	70⅞	+⅛
35½	32	SherW	0.64	1.8	16	1049	u35⅞	35⅜	35⅜	-½
13½	9⅛	Shoneys			8	345	11¾	11½	11⅝	
15¾	13½	Showboat	0.10	0.7	13	286	14½	14¼	14¼	-⅜
21¼	18½	Sierra Pac	1.12	5.4	11	305	20¾	20¾	20¾	
8⅛	5⅜	SignetApp			0	10	6⅛	6⅛	6⅛	
36⅝	17⅝	Signet Bnk	1.00	4.6	8	1791	22	21½	21⅝	-⅛
38	29⅛	SiliconGr			32	6329	36⅝	35⅝	36½	+⅝
11⅜	9⅞	Sizeler	1.12	11.2	17	490	10	10	10	+⅛
6½	5⅛	Sizzler	0.16	2.9	1	137	5⅝	5½	5½	-⅛
19⅛	17	Skyline	0.48	2.7	12	130	17⅞	17⅝	17¾	
5¼	4⅜	SL Inds	0.06	1.3	11	42	4⅝	4⅝	4⅝	
3⅞	1⅞	SmithCoro	0.10	4.7	19	184	2⅛	2	2⅛	+⅛
17¾	11	Smithin			18	735	17⅜	17⅛	17⅛	-⅜
42½	35¼	SKBchA	1.08	2.7	17	248	40⅛	40	40⅛	+¾
42¼	33½	SKBEqU	1.26	3.2	17	4799	39⅞	39½	39⅞	+⅛
27⅝	20⅜	Smiths Fd	0.60	3.0	11	3459	20	d19⅜	19¾	-¾
24½	20¾	Smucker J	0.52	2.4	18	24	21⅞	21½	21½	-¼
37	31	SnpOnT	1.08	3.0	15	542	36½	36⅛	36½	
15⅜	12⅞	Snyder Oil	0.26	1.8	210	109	14¾	14⅝	14¾	+⅛
30	22⅛	Solectron			18	639	29⅞	29	29	-⅝
31⅜	26	Sonat	1.08	3.5	18	815	30⅞	30½	30½	-¼
56⅛	42½	Sony	0.42	0.8	7	298	52⅛	51¾	52	+⅛
13⅝	10½	Sothebys	0.24	1.8	36	367	13¼	13⅛	13⅛	
41⅞	37	Source Cap	3.60	9.1	329	44	39¾	39¼	39½	
35	30	SouthCar5%	2.50	7.5		z100	33⅜	33⅛	33⅜	
20½	17⅞	SthJersInd	1.44	7.2	16	56	20	19¾	20	
18⅞	11½	Stndwn	0.50	2.7	15	354	18⅝	18⅛	18½	-⅛
18¼	15¾	SCalWt	1.20	7.3	11	130	16½	16¼	16½	+¼
22½	18¾	SthNetCp	0.80	4.0	8	871	20⅜	19⅞	19⅞	-¼
21½	19⅞	SthnCo	1.22	5.9	13	4798	20¾	20½	20⅝	-⅜
30¼	26⅜	SouthnIGE	1.69	5.7	11	27	29⅝	29½	29⅝	
34½	31¾	SNETel	1.76	5.4	11	409	32⅞	32½	32¾	-¼
22⅛	16⅜	SWAir	0.04	0.2	23	11997	u23½	21⅞	23½	+1½
15¼	13⅝	SouthWGas	0.82	5.6	17	80	14¾	14⅝	14¾	
15¼	11¾	SouthWEngy	0.24	1.6	15	242	u15⅜	14½	15¼	+⅝
28⅜	26½	SouthWnPSv	2.20	7.8	12	311	28½	28⅛	28⅜	
8¾	7¼	Spain Fund	0.46	5.5		40	8⅜	8¼	8⅜	+⅛
4½	3⅜	Spartan Cp			4	157	4⅛	4	4	
16½	13	SphereD	0.16	1.0	12	23	15¾	15¾	15¾	
40¼	35¼	Spring	1.20	3.2	10	401	38⅝	37¾	37⅞	-⅞
32½	25⅞	Sprint	1.00	3.1	12	5540	32¼	31½	32¼	+¾
17⅜	14	SPX	0.40	2.7	13	394	14⅞	14⅝	14⅞	+⅜
15⅛	12¼	Std Comm	0.40	2.8	5	50	14¼	14⅛	14¼	
20½	18¾	Std Motor	0.32	1.7	10	38	19⅜	19¼	19⅜	-¼
6⅞	5⅛	StandPacUt	0.12	2.0	27	788	6	5⅞	6	
24⅛	18½	StdPrd	0.68	3.4	11	369	19⅞	19¾	19⅞	
32⅝	28	Standex	0.84	2.1	12	42	31⅛	30¾	31	+¼
31½	26⅞	Stanhome	1.06	3.8	12	28	28¼	28	28¼	+⅛
41⅞	35⅝	StnWk	1.40	3.5	14	943	40⅝	39⅞	40½	+⅛
43¾	36¼	StarBnc	1.60	3.7	10	204	42¾	42¼	42¾	+⅛
23⅞	21½	Starrett	0.68	3.0	15	8	23¼	23	23	-⅛
34⅛	29⅝	StateStBo	0.64	2.0	11	1100	32	31½	31⅞	-¼
30¼	23¾	StdFedBk	0.68	2.5	7	700	28	27½	27¾	-¼
7⅜	6¼	StelgBcrp	0.24	3.3	11	31	7¼	7⅛	7¼	+⅛
14⅛	10¾	StelgChem	0.08	0.6	15	5009	12¾	12½	12¾	+⅛
13¼	11¼	StnB			11	74	13⅛	12⅞	13	+⅛
38⅜	32⅞	StelgSwre			38	355	34⅛	33⅞	34	-⅜
6⅞	5 11/16	Stifel Fin	0.13	2.1	4	50	6	5⅝	6	+¼
34⅛	27¼	Stone&Web	0.80	2.0	44	348	30	28¾	29⅝	+⅝
24½	16⅞	Stone Cont	0.71	3.5	12	6360	20⅝	20¼	20⅜	+¼
28¾	23	Stop Shop			16	1508	u27⅛	26⅝	26¾	+¼
17½	13½	StrEqu	0.88	5.4	15	84	16¼	16	16¼	+⅛
33¼	17⅞	StrTch			28	6039	18¾	18¼	18½	+¼
39⅞	25¾	Stratus			11	1967	29¼	27¾	28	-1¼
13⅛	10⅛	StrideRite	0.38	3.2	29	577	12⅛	11⅞	11⅞	-⅛
34½	28	Sturm Rger	1.40	4.7	11	53	30⅛	29⅞	29⅞	
2¼	1	Suave Shoe	0.30	24.0	0	23	1¼	1¼	1¼	
10¾	10¼	Sun Dis A x	1.10	10.5	9	48	10⅝	10½	10½	+⅜
4¼	3⅞	Sun Dis B x	0.24	5.6	3	194	4⅜	4¼	4¼	+⅛
4⅝	3⅞	Sun Energy	0.56	12.8	18	34	4½	4⅜	4⅜	
48⅞	36	Sunamr	0.60	1.3	12	2453	47¼	45½	47¼	+⅛
55⅛	44½	Sndstr	1.20	2.2	30	1269	u55¼	55	55	-⅛
9	6⅜	SunshinePl	1.19	13.4		37	8⅞	8⅝	8⅞	+¼
2⅜	1½	SunshM				3467	2⅛	2	2⅛	
55⅜	47¼	Suntst	1.44	2.7	12	524	54⅜	54	54¼	-⅜
12¼	10⅛	Super Food	0.38	3.3	13	21	11⅜	11¼	11⅜	
29	23⅞	Superior	0.18	0.7	13	2059	26⅞	25⅞	26¾	+⅞
27⅛	22½	Supval	0.94	3.6	42	1211	26⅛	26	26	
34½	20	Surg Care	0.20	0.9	26	841	23⅜	23	23⅛	-¼
21⅛	17⅜	Swiss Helv	0.27	1.3		230	21	20⅝	20⅞	-⅛
31⅜	24⅜	Symbol Tec			24	802	u32½	31⅛	32⅜	+1¼
7⅜	6⅝	Syms Corp	0.20	2.8	14	25	7⅛	7	7⅛	
21⅜	17¾	Synovus Fn	0.54	2.6	15	252	20⅝	20¼	20½	-¼
28¼	24⅞	Sysco	0.44	1.6	20	2618	27⅞	27⅛	27⅞	+¼

- T -

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
5¾	4⅛	TCBY Enter	0.20	4.1	22	241	4⅞	4⅝	4⅞	+⅛
44½	37⅛	TCF Financ	1.25	2.9	9	109	43	42½	42⅞	-⅛
8½	7⅝	TCW Conv S	0.84	10.3		192	8¼	8⅛	8⅛	
48⅜	39	TDK Corp A	0.45	0.9	121	z100	u48¾	48¾	48¾	+⅜
2⅜	1¾	T I S Mtge	0.08	4.3	6	9	2	1⅞	1⅞	
16⅛	11⅜	TJX	0.56	4.8	11	2784	12⅛	11¾	11¾	
16¼	14⅝	TNP Enterp	0.80	5.0	9	48	15⅞	15⅞	15⅞	
73¼	61¾	TRW	2.00	2.7	12	814	73⅛	72¾	73	+⅜

- X - Y - Z -

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
120½	98½	Xerox	3.00	2.5	17	1381	119⅝	118¾	119⅜	
52½	44⅛	Xtra Corp	0.64	1.4	12	1135	46⅝	45⅜	46½	+1¼
22⅜	20	Yankee Egy	1.22	6.1	11	61	20¼	20⅛	20⅛	-⅛
41¾	34⅛	York Int	0.16	0.4	18	1220	u42⅛	41⅞	42	+¼
4⅜	3¼	Zapata x	0.14	3.9	11	933	3⅝	3½	3⅝	+⅛
12⅛	6⅞	ZnthEl			13	2132	7⅞	7⅝	7¾	-⅛
22⅜	19⅜	Zenith Nat	1.00	4.9	10	37	20¼	20⅛	20¼	+⅛
6⅝	6⅛	Zenix Inc x	0.76	11.4		44	u6⅝	6½	6⅝	+⅛
14⅝	12⅝	Zero	0.44	3.3	14	148	13⅜	13¼	13⅜	+¼
20⅞	16⅞	Zero Ind	0.88	4.3	77	105	20⅜	20¼	20¼	
11¼	10⅜	Zweig Fund	1.04	9.8		215	10⅝	10½	10⅝	+⅛
8¾	7⅞	Zweig Totl	0.84	10.0		381	8½	8⅜	8⅜	

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price/earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

Dealings suspended.

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AMEX COMPOSITE PRICES

4 pm close April 25

NASDAQ NATIONAL MARKET

4 pm close April 25

★ FINANCIAL TIMES Wednesday April 26 1995

AMERICA

Shares mixed as G7 fears offset earnings

Wall Street

Torn between another round of strong earnings reports and weakness on the bond and currency markets, the US stock market was mixed in early afternoon trading yesterday, *writes Lisa Bransten in New York*.

At 1 pm the Dow Jones Industrial Average was 3.81 lower at 4,300.17, while the more broadly based Standard & Poor's 500 lost 1.41 at 511.48. The American Stock Exchange composite was up 0.01 at 473.58. The Nasdaq composite gained 0.46 at 829.37. Trading volume on the New York SE was 212m shares.

Both the bond and currency markets lost ground as traders held out little hope that representatives from the Group of Seven nations meeting in Washington would undertake a concerted effort to boost the value of the dollar. Also hurting those markets was an unexpected sign of economic strength in the form of a jump in consumer confidence for April.

In the early afternoon the long bond was off nearly half a point and the dollar was weaker against the Japanese yen and the D-Mark.

On the positive side for shares was another set of strong first-quarter earnings reports. UAL, the parent of United Airlines, for example, reported its first profitable quarter since 1989, causing its shares to rise $3 to $117⅞.

The news from UAL gave a boost to airlines in general. AMR, parent of American Airlines, added $1½ at $67, Delta Air Lines gained $1 at $60½ and B shares in Continental Airlines rose $1¼ to $15¾.

IBM, which reported much stronger than expected earnings last Thursday, gave back some of the $6⅝ it had gained since last Wednesday. Shares in IBM lost $⅝ at $93⅛. However, that loss did not hold back the technology sector, which has posted steady gains on the back of IBM's healthy figures. Compaq Computer, for example, moved up $1¼ to $38⅝ and Motorola was $1⅝ higher at $56.

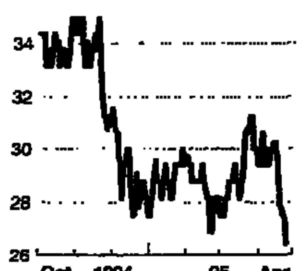
Strength in pockets of the technology sector also helped the Nasdaq composite to hang in positive territory as other indices slipped. Microsoft, the largest issue on the Nasdaq, gained $1⅛ at $78⅞, Intel rose $¾ to $97⅛ and Adobe Systems was $1½ firmer at $55.

Healthy earnings were not enough to help Salomon, the parent company of Salomon Brothers. Shares in the company lost $⅛ at $34⅞ although it reported first-quarter earnings of 59 cents a share, 16 cents a share higher than the mean analysts' estimate.

Kmart declined $⅝ to $14⅞ after the retailer announced that it would cut its quarterly dividend in half and warned that new inventory would cut about 12 cents off first-quarter results.

RJR Nabisco

Share price ($)



Source: Datastream

Canada

Toronto was flat in hesitant midday trade as investors awaited news from the Group of Seven meeting in Washington.

The TSE-300 index was 0.10 easier at 4,280.90 in volume of 34.3m shares, as inflation fears resurfaced in the wake of the stronger than expected US consumer confidence and home sales data.

Strong gold and energy shares were offset by weakness in communications, conglomerates and base metals.

Among actively traded stocks, Potash Corp of Saskatchewan added to Monday's C$1½ rise with a further advance of C$1¾ to C$69¾.

Mexican stocks slip

Mexican shares slipped in early trade as investors took profits; the market had recorded substantial gains over the past two days, including one of 5 per cent on Monday. The IPC index was off 13.24 at 2,003.96 at midsession.

Telmex was sold after being downgraded by Smith New Court in the US. The broker said that competition in the telecommunications sector, combined with the company's foreign debt levels, were likely to put the shares under pressure. The L stock relinquished 1.5 per cent.

BUENOS AIRES, which set an 11-month high on Monday, retreated slightly in early trading as profits were taken. The Merval index had dipped 2.24 to 424.04 by mid-morning.

In SAO PAULO the Bovespa index had risen 2 per cent by midday, up 724 at 35,853.

SANTIAGO remained firm, after a rise of 1.9 per cent in the IPSA index on Monday, helped by good foreign demand for equities. At midsession the index was up 0.82 at 96.74.

The electricity sector was firm, with Enersis adding 2.3 per cent at 225 pesos, while Endesa had gained 1.7 per cent at 319.50 pesos.

Johannesburg moves ahead

South African equities improved on good earnings reports from a number of companies. Gold related stocks, however, eased as bullion straddled the $390 an ounce level and investors avoided the sector amid concern about its short-term prospects.

The overall index rose 25.2 to 5,459.6, the industrials index added 60.9 at 6,794.3 and golds receded 12.3 to 1,479.4.

Brokers said one of the day's main features was strong demand for De Beers, R1.75 higher at R102. Anglos relinquished 50 cents at R205.50.

EUROPE

Bourses respond again to overnight highs in US

A little over a month ago the technical analysis team at James Capel said the Dow was pulling the world into a new two-year bull market, *writes Our Markets Staff*.

Since then the Dow and Japanese and European equities are all a few percentage points higher; and in Europe, yesterday, bourses responded to another set of record peaks on Wall Street overnight. Milan was closed for a holiday.

FRANKFURT combined the Dow with an excellent first quarter from Hoechst, good inflation figures from Hesse, some domestic fund buying and a lack of selling orders. The Ibis-indicated Dax rose 28.60 or 1.45 per cent to 2,007.57 after hours, following a session's close of 2,006.99.

Turnover climbed from DM5bn to DM7.4bn. Siemens rose by an in-line DM9.80 to DM683.90, but traded in DM1bn ahead of its half-year results tomorrow. Hoechst, ex a DM10 dividend, did not match the market, closing a net DM3.40 higher at DM294.60; but the chemicals sector had been strong in advance of this week's quarterlies, said Ms Barbara Altmann at B Metzler.

Elsewhere in cyclicals there were big gains for BMW and Volkswagen, up DM13.90 to DM701.90 and DM9 to DM377.80, but a below par rise of DM2.40 to DM618.50 for Daimler, the subject of yet another earnings downgrade.

One of the biggest rises of the day, DM18 to DM599, came in Karstadt, the leading department stores group, up 8.5 per cent this month against a 4.9 per cent gain in the Dax, and reflecting renewed support from analysts in spite of the depressed consumer economy.

PARIS moved forward once again, following Monday's partial sell-off after the surprise result in the first round of the presidential election.

The CAC-40 index added 27.42 at 1,945.93, having set a high for the year of 1,950.78 during the morning. Turnover improved to FFr3.8bn.

In spite of Sunday's victory for Mr Lionel Jospin, the Socialist party candidate, the belief was firming yesterday that Mr Jacques Chirac would still come through as victor in the crucial second round vote on May 7.

James Capel said yesterday that while a Chirac win was likely to put some downward pressure on the French franc, the equity market "should benefit from the perception that a Chirac presidency would be pro-growth and better for the consumer than Balladur would have been".

FT-SE Actuaries Share Indices THE EUROPEAN SERIES

Apr 25 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1296.39	1298.04	1297.06	1296.98	1297.44	1298.72	1296.65	1295.65
FT-SE Eurotrack 200	1394.88	1394.19	1394.59	1394.94	1396.02	1394.74	1393.89	1392.63

	Apr 24	Apr 21	Apr 20	Apr 19	Apr 18
FT-SE Eurotrack 100	1281.06	1288.45	1267.89	1262.20	1259.49
FT-SE Eurotrack 200	1390.56	1384.74	1372.02	1367.99	1372.33

Base 1000 (26/10/90); Highday: 100 - 1298.21; 200 - 1397.11 Lowday: 100 - 1294.25 200 - 1391.97 † Partial

Rhône-Poulenc, which reports its data tomorrow, was FFr3.80 firmer at FFr122.30.

AMSTERDAM retreated from early highs as the dollar declined on the currency markets. The AEX index managed a rise of 0.62 at 409.23, having been as high as 411.73.

Philips, due to publish first-quarter results today, lost 50 cents at Fl 55.50 as some profits were taken following recent gains. Nikko Europe forecast a 30 per cent increase in net income but warned that, while short term outperformance was likely following today's results, it was difficult to envisage long term outperformance beyond the next nine to 12 months: "current strength in the semiconductor market place will weaken towards the end of 1995 or early 1996, and forthcoming pressure on lighting margins will weaken the performance of some of the stronger businesses".

ZURICH was led higher by a firm performance by Roche, but early gains were trimmed on a lack of follow-through buying. The SMI index finished 6.3 ahead at 2,561.1.

Roche certificates firmed SFr75 or 1.1 per cent to SFr6,795 as expectations grew for the 1994 results, due tomorrow. Sandoz advanced SFr11 to SFr748 in response to positive first-quarter figures.

Holderbank, the building materials group, rose SFr13 to SFr868 as investors were cheered by the positive tone of its statement on growth prospects in Latin America. Schindler bearers recovered SFr150 or 2.5 per cent to SFr6,250 after sharp falls recently.

Swissair strengthened SFr13 to SFr690. Mr Frederick Hasslauer at Bank Sal Oppenheim in Zurich, who recommended the stock, said that if the company was able to present a convincing co-operation strategy with Sabena, the Belgian carrier, the share price would begin to reflect its turnround potential.

HELSINKI majored on forestry stocks again, turnover rocketing from FM266m to FM1.2bn on an apparent switch from Ensa into Repola. Both stocks gained FM1.30; Enso at FM38.50 in 10.5m shares, and Repola at FM83 in 5.5m, as the Hex index climbed 36.0 or 2.1 per cent to 1,747.5.

STOCKHOLM had winners and losers as the Affärsvärlden General index rose 15.70 to 1,542.70. The forestry, pharmaceuticals and engineering sectors all firmed 1.2 per cent; but S-E-Banken dipped SKr0.90 to SKr35.60 on first-quarter profits much lower than expected; and, in shipping, Stena Line dropped SKr2.80 or 7 per cent to SKr37.20 on a worsening first-quarter loss.

ISTANBUL posted selective gains at the end of a session still unsettled by Monday's 9.1 per cent plunge, and the composite index recouped 984.76 or 2 per cent at 50,660.95. Turnover fell to TL15,200bn from Monday's TL19,980bn and dealers warned that activity may remain constrained until after a week's religious holiday, from May 8.

Activity picked up as the OIB privatisation agency sought to clarify Monday's statement on its privatisation programme, saying it would continue with block sales to domestic and foreign investors through private placements on the exchange.

TEL AVIV put on 1.2 per cent following reports of heavy foreign investment in Bezeq Israel Telecom, the Mishtanim index closing 2.07 higher at 169.67; Bezeq moved ahead 2.5 per cent to Shk528.

ATHENS bounced 2 per cent as it returned from a long weekend break, with renewed demand for banks and blue chips leading the market higher. The general index rose 15.98 to 827.49 but volume remained low at 1.5m shares.

WARSAW moved to yet another year's high in record volume. The Wig index climbed 327.1 or 3.7 per cent to 9,268.7, as turnover hit 222m zlotys and volume 8.4m shares.

The most active issue of the session was Universal, up 9.6 per cent in volume of 26.7m zlotys.

BUDAPEST registered its sixth consecutive rise, driven by foreign demand for shares. The BSE index put on 41.00 at 1,345.91.

Written and edited by William Cochrane, Michael Morgan and John Pitt

ASIA PACIFIC

Nikkei makes gains while Shanghai B falls 2.4%

Tokyo

A fall in the yen, a rise in futures and later corporate selling of equities left the Nikkei index higher but off its best, *writes Emiko Terazono in Tokyo*.

The 225 average finished 106.49 better at 16,910.54 after moving between 16,837.21 and 17,110.40. Futures buying prompted arbitrage, which in turn boosted the index above the 17,000 level in the morning. However, small lot selling by foreign brokers, investment trusts and corporate investors eroded some of the gain in the afternoon.

Volume amounted to 260m shares, against Monday's 194m. Traders said arbitrage buying and technical trading dominated activity, as many institutional investors remained on the sidelines ahead of the G7 meeting in Washington.

The Topix index of all first section stocks rose 7.32 to 1,336.60 and the Nikkei 300 edged ahead 1.47 to 247.22. Gainers outnumbered losers by 599 to 396, with 180 issues unchanged. But in London the ISE/Nikkei 50 index slipped 3.38 to 1,100.98.

Analysts said investors were still focused on the currency market. "The index could penetrate the 17,000 level if there is further weakness in the yen," said Ms Kathy Matsui, a strategist at Goldman Sachs.

High-technology stocks were supported by the yen's decline to the Y83 level to the dollar. Sony moved ahead Y90 to Y4,290 and Kyocera added Y60 at Y6,600.

Nichiboshin, a financially troubled housing loan company, rose Y24 to Y169 on reports that creditor banks had started talks over its restructuring. Individual investors and dealers sought the stock on hopes that the negotiations would lead to financial aid for the other housing loan companies. Nippon Housing Loan improved Y5 to Y186.

Nippon Steel, the day's most active issue, rose Y1 to Y337 and Sumitomo Metal Industries firmed Y2 to Y285.

Short-covering helped Nissan Motor, which advanced Y8 to Y625 with retail investors and brokerage dealers the main buyers.

In Osaka, the OSE average gained 42.44 at 18,379.45 in volume of 13.8m shares.

Roundup

Much of the region remained under pressure. Australia and New Zealand were closed for the Anzac holiday, while Kuala Lumpur was shut for the second day of polling in Malaysia's ninth general elections.

SHANGHAI's hard currency B share index dropped 2.4 per cent to a record low, with the day's losses triggered by poor 1994 annual results from the blue chip Shanghai Outer Gaoqiao Free Trade Zone Development.

The index, which fell 1.227 to 50.673, has been under pressure in recent months from concerns over the health of Deng Xiaoping, a rapid market expansion late last year, the Mexican currency crisis and, most recently, the plunge of the US dollar on world markets. Outer Gaoqiao shed $0.050 or 10.6 per cent to $0.420 in heavy volume of 1.6m shares.

HONG KONG was weaker in hesitant trade, with investors wary over the reports on Deng's health and awaiting the outcome of the G7 meeting.

The Hang Seng index eased 19.84 to 8,625.55, off a day's low of 8,593.42, in turnover that slipped to HK$2.1bn. HSBC, the most active issue, gained 25 cents at HK$91.50.

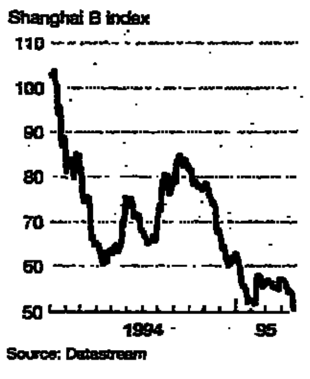
TAIPEI was also rocked by the Deng rumours, with the weighted index diving 2.7 per cent or 160.72 to 5,803.14. Turnover was T$49bn.

Financial stocks led the retreat, the sub-index plunging by 4.5 per cent. The three major banks, Chang Hwa, First Commercial and Hua Nan, lost T$5.50, T$6.00 and T$5.50 respectively to T$104, T$104 and T$107.50, all setting new 1995 lows.

However, the electronics sector resisted most of the downward trend, the sub-index slipping just 0.8 per cent.

China

Shanghai B index



Source: Datastream

SINGAPORE was broadly lower, lacking institutional buying, although banks continued to find demand. The Straits Times Industrial index finished 10.88 down at 2,074.67.

Metro closed 35 cents up at S$6.25 on speculation of a takeover and placement rumours. Analysts said the shares were also in demand as they were trading at a discount to revalued assets.

SEOUL found support in a late spurt of institutional buying of financial and low-priced big manufacturing shares which took the composite stock index up 1.89 to 878.78, after a day's low of 871.70.

Expectations of intervention by the securities market stabilisation fund also contributed to the rebound after the index recorded a 12-month low on Monday.

COLOMBO lost 1.4 per cent, with investors selling major stocks. The all-share index fell 11.25 to 766.48 in turnover of SLRs66.75m.

Analysts said that retail investors had been moving out of equities and into fixed income instruments such as Treasury bills. "The three-month Treasury bill yielding 14.76 per cent is more attractive in the short term," said one broker.

BANGKOK fell back in thin trade, the SET index slipping 5.76 to 1,168.79 in turnover of Bt2.6bn.

The finance sector shed 1 per cent after Phatra Thanakit, the finance and securities company, announced a 32.4 per cent fall in its net income in the first quarter of 1995 and declined Bt2 to Bt137.

JAKARTA finished slightly higher on buying of the major blue chip issues. The official index put on 1.59 at 421.78.

Astra's foreign shares, down Rp100 to Rp2,850, were active, with some 3.1m shares changing hands.

The stock exchange announced yesterday that it would extend trading by 90 minutes from the current 3½ hours from May 22, to coincide with the start of automated trading.

BOMBAY was hurt by political tension that threatened to rock Mr Narasimha Rao's ruling Congress party. The BSE-30 index fell 35.83 to 3,273.17.

Dissidents in Mr Rao's party have set the stage for a showdown over his March 15 budget, backed by leading opposition groups.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY APRIL 24 1995 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY APRIL 21 1995 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (83)	168.82	-0.5	155.65	88.95	120.23	153.99	0.0	3.93	169.74	156.65	88.96	121.48	153.98	180.82	157.95	166.60
Austria (27)	188.02	-0.1	173.36	99.06	133.91	133.82	-0.6	1.29	188.24	173.73	98.66	134.72	134.63	198.89	167.46	174.98
Belgium (35)	194.34	0.8	179.18	102.39	138.41	135.05	0.1	3.90	192.83	177.96	101.06	138.00	134.96	194.34	161.66	167.27
Brazil (28)	125.65	3.3	115.85	66.20	89.48	211.27	3.1	1.63	121.63	112.26	63.75	87.05	204.87	-	-	-
Canada (103)	136.84	0.7	125.25	71.57	96.74	134.44	0.6	2.60	134.96	124.56	70.74	96.59	133.67	140.25	120.54	126.91
Denmark (33)	267.74	0.5	246.86	141.06	190.68	196.51	-0.3	1.62	266.36	245.83	139.60	190.63	197.18	275.27	236.61	252.79
Finland (24)	191.51	2.1	176.57	100.90	136.39	170.91	1.4	1.40	187.47	173.02	98.26	134.17	168.51	201.41	133.88	145.92
France (101)	184.78	0.4	170.37	97.36	131.60	140.48	-0.4	3.11	184.11	169.91	96.49	131.76	141.02	185.25	157.79	170.30
Germany (59)	151.15	0.5	139.37	79.64	107.65	107.65	0.0	2.16	150.47	138.87	78.86	107.68	107.68	154.61	132.08	140.15
Hong Kong (55)	343.00	-0.3	316.25	180.71	244.29	340.55	-0.3	3.89	344.22	317.68	180.41	246.35	341.73	416.42	277.40	374.20
Ireland (16)	221.40	-0.1	204.13	116.65	157.68	190.64	-0.4	3.65	221.74	204.64	116.22	158.70	191.40	224.32	180.67	187.44
Italy (58)	70.84	0.1	65.32	37.32	50.45	90.46	-0.6	1.69	70.75	65.30	37.08	50.64	90.97	87.78	65.45	91.29
Japan (483)	160.51	-1.5	147.99	84.57	114.31	84.57	-1.0	0.90	163.02	150.45	85.44	116.67	85.44	170.10	136.95	155.77
Malaysia (97)	491.40	0.0	453.08	258.90	349.96	465.28	-0.3	1.73	491.33	453.46	257.52	351.64	466.84	594.76	398.16	468.29
Mexico (18)	1026.51	4.7	946.46	540.83	731.07	6717.16	4.2	1.62	980.09	904.53	513.68	701.42	6445.54	2414.12	647.81	1795.10
Netherland (19)	242.79	0.6	223.86	127.92	172.92	169.86	0.0	3.72	241.37	222.77	126.51	172.75	169.93	242.79	194.56	202.37
New Zealand (14)	82.91	0.2	76.44	43.68	59.05	65.48	0.2	4.47	82.74	76.36	43.37	59.22	65.37	83.10	63.45	65.58
Norway (33)	223.76	1.3	206.31	117.89	159.36	187.67	0.7	2.25	220.86	203.83	115.75	158.08	186.29	223.76	177.53	192.90
Singapore (44)	371.15	0.4	342.21	195.55	264.34	238.43	0.3	1.80	369.64	341.15	193.74	264.55	237.71	401.38	313.94	339.61
South Africa (59)	350.07	0.4	322.77	184.44	249.32	276.17	0.3	2.45	348.81	321.92	182.82	249.63	275.31	358.13	242.36	243.95
Spain (38)	136.40	0.8	125.77	71.87	97.14	126.88	0.1	4.48	135.36	124.93	70.95	96.88	126.80	150.21	124.10	139.24
Sweden (48)	242.97	0.5	224.02	128.01	173.04	267.45	0.8	2.15	241.66	223.03	126.66	172.95	265.21	249.14	198.70	212.77
Switzerland (47)	185.25	0.3	170.80	97.60	131.93	130.35	0.0	1.93	184.76	170.52	96.84	132.23	130.35	186.09	149.91	158.79
Thailand (46)	138.55	0.4	127.74	73.00	98.67	131.98	0.4	3.22	137.98	127.35	72.32	98.75	131.47	-	-	-
United Kingdom (203)	208.98	0.4	192.68	110.10	148.84	192.68	0.3	4.26	208.22	192.17	109.13	149.02	192.17	209.92	181.11	191.28
USA (510)	209.67	0.8	193.32	110.47	149.32	209.67	0.8	2.72	207.92	191.89	108.98	148.81	207.92	209.67	179.72	182.41
Americas (659)	192.21	0.9	177.22	101.27	136.89	161.16	0.9	2.69	190.51	175.83	99.85	136.35	159.75	-	-	-
Europe (741)	182.02	0.4	167.83	95.90	129.64	151.27	0.1	3.24	181.25	167.27	94.99	129.71	151.19	182.33	160.69	167.84
Nordic (136)	236.22	0.9	217.80	124.46	168.23	211.25	0.7	1.94	234.16	216.11	122.73	167.58	209.79	237.38	197.70	204.93
Pacific Basin (822)	167.91	-1.3	154.82	88.47	119.59	94.82	-0.9	1.26	170.19	157.07	89.20	121.80	95.67	176.98	145.93	164.13
Euro-Pacific (1563)	173.69	-0.6	160.14	91.51	123.70	116.37	-0.5	2.13	174.70	161.23	91.56	125.03	116.93	175.14	154.73	165.52
North America (613)	205.09	0.8	189.10	108.06	146.07	204.58	0.8	2.72	203.40	187.72	106.61	145.57	202.90	205.09	176.47	178.98
Europe Ex. UK (538)	163.47	0.5	150.72	86.13	116.42	128.17	-0.1	2.67	162.71	150.16	85.28	116.45	128.25	163.46	144.12	151.38
Pacific Ex. Japan (339)	242.66	-0.2	223.74	127.85	172.83	212.83	-0.1	3.28	243.16	224.41	127.44	174.03	213.06	273.13	211.19	246.17
World Ex. US (1771)	174.09	-0.5	160.52	91.72	123.99	119.76	-0.4	2.14	174.93	161.44	91.68	125.19	120.24	176.65	155.42	166.08
World Ex. UK (2078)	182.29	-0.1	168.07	96.04	129.82	141.52	0.0	2.15	182.37	168.31	95.58	130.52	141.49	182.97	163.46	168.49
World Ex. Japan (1798)	199.41	0.6	183.85	105.06	142.02	184.69	0.5	2.93	198.16	182.89	103.86	141.82	183.79	199.41	176.74	180.37
The World Index (2281)	184.64	0.0	170.24	97.28	131.50	146.00	0.1	2.35	184.66	170.42	96.78	132.15	145.94	184.66	165.92	170.51

Latest prices were unavailable for this edition. Market closed 24/4/95: Switzerland.

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FINANCIAL TIMES SURVEY

BARBADOS

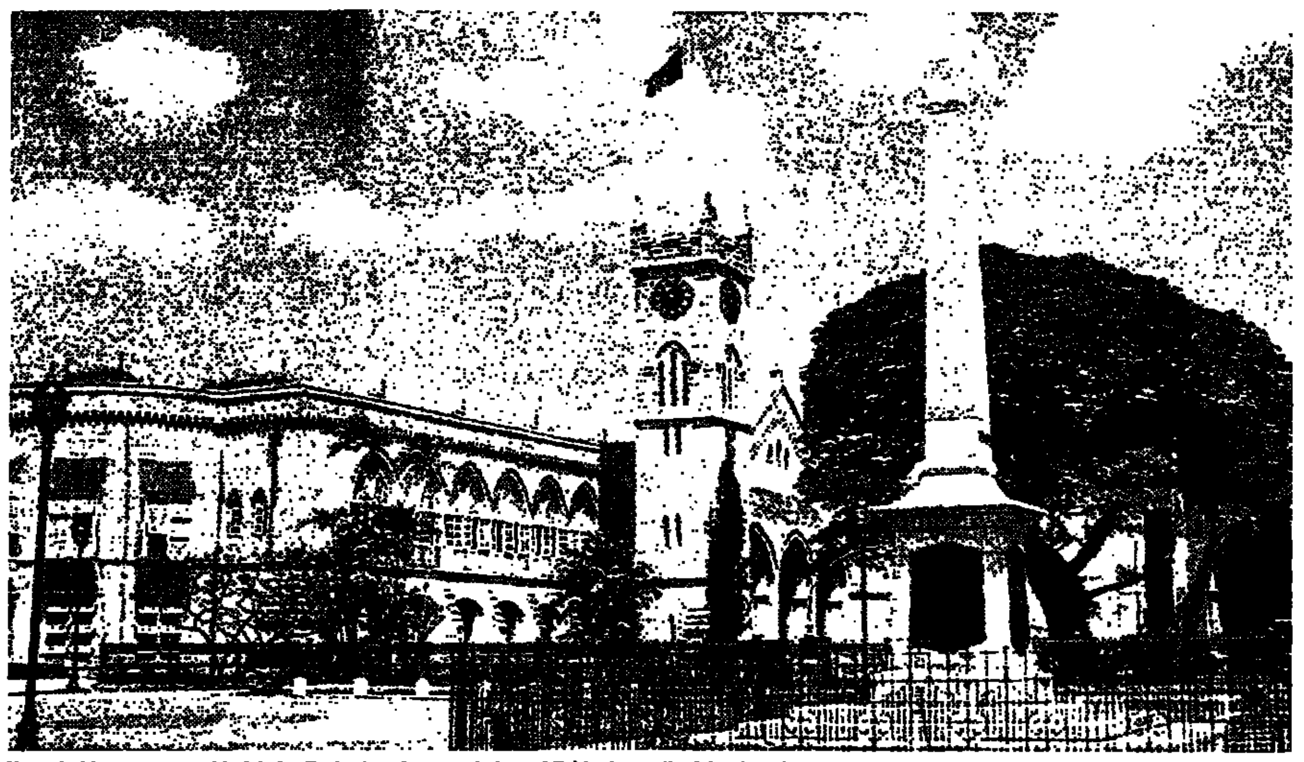
Wednesday April 26 1995

■ Informatics: the key to future prosperity Page III

Editorial production Gabriel Bowman

An information age society is looming

Owen Arthur's new government is determined that the island should move into the developed world within a generation, writes **Stephen Fidler**



The wind is set reasonably fair for Barbados. A general view of Bridgetown, the island capital

The quality of life in Barbados is said to be the highest of any developing country. According to the United Nations Development Programme's human development index, the living standards in this Caribbean island rank 20th in the world, ahead of European nations such as Ireland, Italy, Spain and Greece.

This ranking derives in an important way from an education system which has raised Barbadians' literacy to the highest of any developing country, according to the UNDP.

There is a tradition in Barbados of quiet resolution of conflicts and of political and economic stability. The quality of its other public services is high: its police, for example, are said by diplomats to be quite effective in limiting the drug trafficking which is blighting neighbouring countries.

It is upon this base of literacy and stability – and an existing financial services and data processing industry – that the new government of Mr Owen Arthur, which took office last September, hopes to build the island's future.

"We plan to transform Barbados into an information age society in less than a generation," says Mr Phillip Goddard, a deputy minister. He says the aim is to treble national income per head to \$14,000 to \$16,000 a year by the end of the century. The project is nothing less than a Singapore-style attempt to push Barbados firmly into the developed world.

If many Barbadians are sceptical that such an agenda is realisable, some are relieved that the government has at least arrested the sense of drift that they felt under the previous administration. The government – the first of the Barbados Labour Party since May 1986 – is still enjoying its honeymoon with the voters.

An economy built on sugar is already, nearly 29 years after independence from Britain, much more diverse. The commodity accounts for less than 2 per cent of gross domestic product, only a quarter the share it assumed in 1980. This year's drought-affected harvest, expected to be the lowest in modern history, will affect growth but not damage the economy as in the past.

Tourism is now more important than sugar, generating some \$500m in gross foreign exchange receipts every year. Last year, the island played host to some 425,000 long-stay visitors. The country's west coast, which caters to the upper end of the market, continues to be upgraded. The Westmoreland golf course project, backed by British capital, may provide up to 2,000 jobs when complete.

The data processing, informatics and financial services businesses have grown substantially in importance, generating an estimated \$75m a year in foreign exchange and providing some 2,000 high quality jobs.

The government is moving ahead with legislation intended to improve the island's position as an offshore financial centre, and to reduce its heavy dependence on concessions from the US and Canada. Barbados is a low tax, rather than a no tax, offshore regime, and there are no secrecy laws. This appears to have helped it avoid the taint of large-scale money laundering.

In software development and data processing, there are already attempts to build on small but notable successes in software testing. Mr Tyrone Mowatt, joint head of Knowledge Development Incorporated, a software house with 40 employees in Bridgetown, says his clients in the US have been impressed by the quality of the work his company has done out of Barbados. Mr Mowatt, an American, says: "There is the demand for more; now we have to deal with the supply of programmers."

Yet while the government is co-operative and the quality of telecommunications links to other centres is high, telecommunications costs are much higher than in the US and the government needs to improve copyright legislation.

If developments such as these are successful, it will help bring jobs to an economy where unemployment is the single largest problem. Although the jobless total is down from its peak of around 27 per cent of the workforce during the height of an economic austerity programme introduced under the auspices of the International Monetary Fund in 1991, it remains at about one-fifth of the workforce.

The IMF programme came in the middle of three years in which the economy had shrunk by an eighth. Growth returned in 1993 at an anaemic 1 per cent, while last year saw, at 4.1 per cent, the fastest growth rate since 1986. This year growth is officially expected to slow to 2 per cent, before moving above 3 per cent in 1996.

The weakness of growth is seen by some economists as a sign of the uncompetitiveness of the exchange rate, fixed at 2.0 to the dollar since 1977. They say that the exchange rate policy helps to explain the shrinkage over time of the country's manufacturing industry. It now accounts for 9.5 per cent of GDP, against 11.6 per cent a decade ago, but still employs 13,000 people, a tenth of the workforce.

Mr Peter Bourne, chairman of Collins, a Barbadian manufacturing and distribution company, says wage costs remain higher than in other Caribbean countries, despite a recent voluntary wage and price freeze. The government also helped manufacturers late last year by abolishing import duties on their inputs, 60 per cent of which are brought in from overseas.

These factors may have helped manufacturing to grow in 1994 (by 7.3 per cent) for the first time since 1989. Nonetheless, the country's wage levels mean it could never in practice be a significant manufacturing base, for example, for the garment industry, which is so important in other parts of the Caribbean. Says Mr DeLisle Worrell, deputy governor of the central bank: "I'm more positive about competitiveness than many people, but I think the way forward is through services."

The stability of the exchange rate is regarded as sacrosanct by politicians, perhaps wisely. "The prime minister who devalues will be on the next plane out," said one Barbadian. Many of his countrymen see a fixed currency as symbolic of a stability that sets them apart from the rest of the region.

It was no doubt for this reason that the previous Democratic Labour Party government of Mr Erskine Sandiford eschewed devaluation in taking its IMF medicine, which led to pay cuts of 8 per cent for more than 20,000 public employees and job losses of 3,000 in the state sector. Mr Sandiford's critics say the IMF programme was needed only after his government spent itself into trouble.

As an economist, Mr Arthur acknowledges that the fixed exchange rate reduces the number of policy options available to the government, but argues that is a price worth paying. "The predictability of the fixed exchange rate has been Barbados's economic anchor. It has helped us to attract capital that we otherwise would not have had."

He inherited an economy in better internal and external balance than it has been for some time. The expected fiscal deficit of 0.9 per cent in the 1995-96 fiscal year compares with about 0.65 per cent in 1994-95. The current account last year is thought to have registered a small deficit, but this year the central bank expects it to move back into surplus. Foreign exchange reserves have grown to the highest level in many years and now exceed \$410m, equivalent to 4.3 months' of imports.

There remain fiscal challenges. The two state-owned banks – in the past the primary channels for the distribution of political favours – constitute a millstone around the government's neck. The problems of the Barbados National Bank have been partly cleaned up with the shifting of its bad sugar sector loans to a special entity. The problem portfolio of the Barbados Development Bank mostly consists of loans for south coast tourism projects. Mr Arthur's government has resisted the merger of the two institutions, as advised by the InterAmerican Development Bank, and it is possible that he will privatise BNB.

The prime minister has also, on the face of it, reduced some of his room for manoeuvre, both through his anti-IMF rhetoric and by the passage of a constitutional amendment that forbids further cuts in public sector pay. The time for pay cuts and pay freezes has passed, he says. "In the future, we are linking wage increases with productivity increases."

The government is also going ahead with measures on value added tax as recommended by the IMF, and plans further tax and administrative reform.

The wind is set reasonably fair for Barbados. In a world where education divides economic success from failure, it has a literate, well-educated population.

The government's plans – for example, to place computers into every school – will be expensive. Given the limited resources it has available, boosting capital spending in this way implies shrinking public spending elsewhere – suggesting further reductions in public employees and an end to transfers to loss-making state enterprises. They also imply openness to foreign technology and the granting of work permits to the large numbers of foreigners who will be needed to enhance the skills of the Barbadian workers. Fulfilling the government's ambitions implies profound changes. Many of them will be resisted.

Leading economic indicators (percentage ratios unless otherwise stated)

	1984	1987	1990	1991	1992	1993*	1994*
GDP real growth	3.6	2.6	(3.3)	(3.9)	(5.7)	0.9	4.1
Consumer prices	4.6	3.4	3.1	6.0	6.1	1.1	0.1
Fiscal balance (IMF basis)	$74.8m	$30.4m	($225.6m)	($52.0m)	($25.9m)	($5.3m)	($52.0m)
Fiscal deficit (IMF basis)	3.6	1.2	(7.6)	(1.8)	(1.0)	(0.2)	(1.8)
Current account of BOP	1.0	(2.9)	(1.2)	(2.1)	8.7	5.1	7.4
External national debt	38.5	45.6	35.8	37.1	42.0	37.7	35.0
External debt service ratio	8.5	28.1	23.2	24.6	19.8	16.0	16.1
Import reserve cover (weeks)	5.5	10.2	3.6	0.8	10.0	7.4	11.4

* = Estimate

Source: Central Bank of Barbados

The services sector is seen as the way forward, writes **Canute James**

Economy changes course

There are not many more telling indications of the way in which Barbados' economy is changing course than the transformation of Westmoreland. An abandoned sugar plantation in St James parish on the west coast has become Royal Westmoreland, a US$400m golf resort which the island's government and investors hope will bring further growth in tourism.

Barbados is not abandoning sugar, once the bedrock of the economy. Although the current harvest will be the worst in many years, recovery is expected by 1997. Rather than waiting on this, however, Barbados is turning increasingly to services, building on its success in tourism, and seeking a growing clientele in informatics and offshore financial services.

"The services sector is the way forward for the economy," says Mr DeLisle Worrell, deputy governor of the central bank. There is bipartisan agreement on this. Mr Owen Arthur, the prime minister, says Barbados will gain much from the export of services, while Mr David Thompson, the opposition leader, says the diversification of the economy must continue.

Despite its narrow base, the economy has traditionally been the envy of many neighbours. A balance of payments crisis four years ago, which led the government to cut salaries in the public sector, threatened to produce a period of social instability. Barbadian stability prevailed, say diplomats.

"There is general agreement that whichever party forms the government, there is a need to hold the country to a course, that the mainstream remains intact," says Mr Arthur. "Barbados is underwritten by stability. Politics in Barbados is about who manages this project best."

The decline in the sugar harvest will cut economic growth of gross domestic product to 2 per cent this year, after growth of 4 per cent last year. With the economy settling down from the impact of the structural adjustment policies introduced four years ago, central bankers expect growth of 3 per cent per year in the medium term.

With sugar now accounting for 2 per cent of GDP – one fourth its contribution 15 years ago – tourism has become the main pillar, earning US$522m last year. The informatics and offshore financial businesses are bringing the economy an estimated $75m in foreign earnings.

Share of GDP: change over 10 years

Figures in billions of Barbados dollars

	1984	%	1994	%
TRADED SECTOR	259.7	33.35	262.3	31.34
Sugar	42.5	5.08	22.2	2.65
Agriculture & fishing	33.3	4.28	31.2	3.73
Manufacturing	90.4	11.61	79.2	9.46
Tourism	90.4	11.61	129.8	15.51
NON-TRADED SECTOR	518.9	66.65	574.4	68.64
Mining & quarrying	6.8	0.87	6.0	0.71
Electricity, gas & water	20.4	2.62	28.6	3.42
Construction	50.7	6.51	55.4	6.62
Wholesale & retail	146.6	18.83	160.0	19.12
Government	101.8	13.07	112.0	13.38
Transport, storage & communications	57.0	6.81	67.9	8.11
Business & other services	135.4	17.39	144.5	17.32
TOTAL	778.6	100.0	836.8	100.0

Source: Central Bank

Most indicators point to continued strengthening. Inflation was 0.2 per cent in 1994, but is expected to rise slightly. A fiscal deficit of 0.9 per cent is expected in the current year, after 0.6 per cent the previous year. Central bankers expect a current account surplus this year, following a small deficit. "Foreign reserves at $409m are enough to cover 4.3 months of imports," says Mr Worrell.

However, the government faces the challenge of reducing unemployment, officially put at 22 per cent. It has promised to create 30,000 jobs, but it is not yet clear how and when this will be achieved. "We are pinning a lot of hopes on informatics and data processing," says Mr David Bynoe, chairman of Barbados Shipping and Trading, the conglomerate. "I believe employment is growing, but it is certainly not growing at a rate for you to get 30,000 jobs in a flash."

Not much relief will come from manufacturing. Production costs in Barbados are higher than in many of its neighbours. "We have reached a plateau in manufacturing," says Mr Lawson Nurse, head of the Investment and Development Corporation. In an effort to stimulate the sector, the government lifted taxes on imported inputs. "This cost only $5m, so the impact was more symbolic and psychological."

The move increased the level of confidence in the business community, agrees Mr Peter Bourne, chairman of Collins, the pharmaceuticals manufacturer and distributor. "This is an indication of a positive change, and although production costs such as labour are higher than in other countries in the region, it reflects a higher level of education."

The government has also adopted some policies which economists feel have reduced its options in dealing with future problems. It has amended the constitution to prevent any further reductions in salaries in the public sector. "The constitutional amendment on salaries was needed because cutting salaries destroys morale and reduces productivity," says Mr Phillip Goddard, junior minister for international business.

The administration is also staying away from any pacts with the International Monetary Fund. Mr Arthur says the government has decided against an enhanced surveillance programme with the IMF, and he has attacked the previous administration for agreeing to a programme.

The government takes an uncompromising position when questions are raised about the exchange rate. Economists suggest that the Barbados dollar is slightly overvalued, but conclude that the fixed rate since 1977 is good for the country. "The fixed parity helps stability, perhaps more so than any other factor," says Mr Arthur. "It allows a sense of predictability, and is an anchor for Barbados. We can change other policies, but not this one."

There has been some change to the exchange control regulations, and most current account payments have been liberalised, says Mr Calvin Springer, governor of the central bank. Commercial banks have been given the authority to approve current payments, including services. But Mr Thompson feels more should be done. There has been a slowdown in private investment, he says, and the exchange controls need to be "more transparent".

The opposition leader suggests that Barbados needs to look beyond the performance of economic indicators. "Much needs to be done to reform the economy, as there is an underlying need for economic democracy in Barbados. Wealth is too concentrated in far too few hands."

Confidence in the future of the economy appears soundly based. Admitting the continuing danger from external factors, government and the private sector conclude that the lessons learnt from the recent problems have put them in a better position to deal with any threats to the stability of the economy.

"Barbados is fortunate in that it is comparatively stable, there is common law, high literacy, good infrastructure and professional services," says Mr Shastri Ablack, managing director of CIBC West Indies Holdings. "Barbados is managed intelligently."

KEY FACTS

Area	431 sq km
Population	260,000 (1994 estimate)
Head of state	Queen Elizabeth II, represented by a governor-general
Prime Minister	Owen Arthur
Currency	Barbados $
Average exchange rate	Fixed at Bd$2.0113=US$1 since 1977

ECONOMY	1994	1995*
Total GDP (US$m)	1,690	n.a.
Real GDP growth (%)	4.0	3.0
GDP per capita (US$)	6,540	n.a.
Consumer prices (% pa)	1.0	3.0
Reserves minus gold (US$m)	184	194
Total external debt (US$m)	640	650
Debt service ratio (%)	11.0	n.a.
Current account balance (US$m)	100	100
Exports (US$m)	195	200
Imports (US$m)	725	800
Trade balance (US$m)	-530	-600
Main trading partners (1993, %)	Exports	Imports
US	15.2	31.9
Trinidad & Tobago	7.6	15.5
UK	16.7	9.2

* = EIU forecasts except reserves (February)

Sources: IMF, Datastream, Economist Intelligence Unit

The country prides itself on its political stability, writes **Stephen Fidler**

A new generation takes over

Barbadians pride themselves on their political stability, democratic traditions and their common sense politics. No great ideological divisions separate the parties, and open political debate tends to centre more on the management capabilities of the party leaderships than on strongly differentiated views on the way forward.

Two grand figures loom over the two main parties: Sir Grantley Adams, one of the founders of the Barbados Labour Party whose son Tom also became prime minister, and Mr Errol Barrow of the Democratic Labour Party, who died in 1987.

"We are ruled by our predecessors from the grave," says Mr David Thompson, leader of the DLP – the main opposition party – since last September. This imposes on their successors a certain civility of political debate but has also narrowed governments' policy options, he says. "Government is hard-pressed to add to its responsibilities, but finds it difficult to reduce them."

Political power changed hands without big changes in policy direction in 1976, 1986 and last September, when the BLP, led by an economist, Mr Owen Arthur, took office. Despite their debts to the past, Mr Arthur and Mr Thompson, who at 33 is a decade younger than the prime minister, represent a new generation of political leaders for whom independence from Britain in 1966 has lost its emotional charge.

In September, the BLP won 19 of the 28 seats in the island's lower house. The DLP retained eight seats and Mr Richie Haynes, leader of the National Democratic Party which broke from the DLP in 1987, took the other.

The election took place two years before the end of the five-year parliament in spite of the DLP's large majority. Support for the government of the prime minister, Mr Erskine Sandiford, a former schoolteacher, had declined dramatically after the austerity measures his government had been forced to introduce as a condition for International Monetary Fund financial support.

The popular dissatisfaction with the government was compounded by Mr Sandiford's uncommunicative style. This contributed to divisions within his own party – and the first successful no-confidence vote in the English-speaking Caribbean, which occurred in early June.

Owen Arthur has given the impression of being willing to break a few taboos to promote his economic objectives

Mr Sandiford ignored the vote and hung on to office until August 14, a decision which may have damaged any chance the DLP had to be returned to power in the subsequent election. Mr Thompson says the defeat reflected an internal failure of the DLP to address its lack of proper mechanisms to resolve conflicts or to impose discipline on its members of parliament. Nearly half of the DLP's sitting MPs were not running again, another disadvantage.

Mr Arthur's supporters say his takeover engendered a sense of relief among many Barbadians who felt that some of the island's important economic and social advantages were being eroded. Barely concealed allegations of poor financial control and corruption – though minor by the standards of many other countries in Latin America and the Caribbean – surfaced, as they had been levelled against the BLP government before its defeat in the 1986 election.

Mr Arthur's takeover brought a more dynamic style of government. His early months in office were devoted to foreign issues – Barbados's turn to take the chair of the Caribbean Community and the island's contribution to the Caribbean security contingent sent to Haiti.

Now, having handed over the Caricom chair, he has turned to domestic matters. He has already shown himself not averse to populist gestures – such as the passage of a constitutional amendment which forbids future pay cuts for public employees (this followed an IMF-inspired 8 per cent pay cut imposed by Mr Sandiford) and his criticism of the IMF.

But, while it is too early to judge how far he will be able to carry through his early promises, he has given the impression of being willing to break a few taboos to promote his economic objectives.

Not least among these is the appointment of a white businessman, Mr Phillip Goddard, as deputy minister of the newly created Ministry of Foreign Affairs, Foreign Trade and International Business, whose role is being shaped to promote Barbados as a home for foreign investment. The choice of Mr Goddard – he was appointed by Mr Arthur to the senate so that he could take up the post – broke a postwar tradition in which whites have stayed out of the island's politics. Mr Thompson says Mr Goddard's appointment shows the BLP is the "voice of the white Barbados business community". Though Barbadian whites make up just over 3 per cent of the population, they own a majority of the island's productive enterprises.

Mr Arthur dismisses the accusations. Mr Goddard is "an individual who understands international business and is doing an excellent job". He had already played an important role in establishing a computerised business registry, and in negotiating a 12 per cent reduction in rates on international telecommunications. Mr Arthur says his government will not reject talented people for spurious reasons.

Mr Arthur and Mr Goddard appear to share a vision of Barbados developing into an international business, communications and informatics centre. Building on the island's strong educational system, its young population and its small size, they believe it will be possible to change rapidly the island's economic destiny.

However, such development is costly and the government faces powerful financial constraints. For this reason, Mr Arthur says the government will "try to be as Spartan as possible in its current expenditure, which will be less than last year". It means that the government will be watching closely the transfers that it has to make to state enterprises.

Some of those enterprises – including the state radio and television monopoly, the Barbados National Bank and the government-owned Hilton Hotel – might have to face "the bracing breezes" of privatisation, Mr Arthur says.

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Stephen Fidler on the growing market for information services

Drive to boost computer skills gets under way

On Saturday morning in Bridgetown, many people are preparing for a day on the beach. One group, however, has more serious matters on its mind: how to meet a fast-growing software development company's increasing demand for computer skills.

The company is the Knowledge Development Institute, a US- Barbadian joint venture that already employs 38 programmers in Bridgetown – average age about 22 – involved in the quality control and testing of business programmes developed elsewhere. So successful has been its initial entry into this field – and the error rate so low – that there are prospects for a lot more business.

KDI, says Mr Tyrone Mowatt, the Boston-based joint head of the organisation, also needs skills in multimedia, animated video production, computer graphics and applications design. Nearly all of the people employed so far have come through an associate degree course at the local community college. The course is aimed at making sure that there are enough programmers emerging into the market in the coming years to meet the potential demand.

> Get this right – and the national income could triple over the next few years

The Saturday meeting is chaired by Mr Phillip Goddard, a successful Barbadian businessman who is now deputy minister of the newly-named portfolio of foreign affairs, foreign trade and international business. Besides Mr Mowatt, a New Yorker of Jamaican extraction, are Mr Basil Springer, his Barbadian partner in KDI and also managing director of the Systems Caribbean consulting firm, Ms Norma Holder, principal of the Barbados Community College and Mr Vincent Branker, acting head of the computer studies department at the college.

For Mr Goddard, the development of computer expertise in Barbados will be one of the keys to the country's development over the next decade. Get this right, he says, and national income could triple to $14,000 to $16,000 a head over the next few years. Mr Owen Arthur, the prime minister, is also convinced of the importance of computer technology. As a symbol of this, he is planning to embark on a computer course being run at a local secondary school so that he can join the ranks of the computer-literate.

Barbados has the raw material provided by an education system which has not suffered the degradation of many others in the region. It has produced one of the most literate societies anywhere in the western hemisphere.

High quality communications links also support the island's ambitions, though informatics companies complain that – despite a recent reduction negotiated by the government in telephone charges – their telephone bills are several times higher than they would be in the US. They also argue that to make the leap into a major centre for software development the government needs to tighten its copyright legislation.

Nonetheless, based on his experience so far, Mr Mowatt believes that this leap towards a technologically-based economy is a genuine possibility. Such small economies can develop rapidly provided they are open to foreign technology and foreign expertise, he says, citing Singapore as a prime example.

He says he is already confident in telling clients in the US that KDI can undertake software development projects at rates at least 25 per cent cheaper than clients can obtain elsewhere – with an accuracy second to none.

Mr Mowatt says KDI is willing to provide a pilot training programme for those graduating from the community college – whose output he prefers to that from graduates at the local campus of the University of West Indies, who he says he has to "untrain". In fact, KDI could mount the programme just after graduation in mid-July through the summer holidays.

However, to avoid bottlenecks because of a shortage of trained people, it has been agreed that the college needs to expand the number of people being trained and to upgrade the equipment that the students are using: its current 386 computers are not adequate to the task. At the moment, says Mr Branker, the college is accepting only 20 to 30 per cent of the qualified applicants for the two-year associate degree course, which some 65 people are currently undertaking. A further 87 are taking day or evening classes for a certificate in information technology.

It has been decided to expand the intake on the associate degree course from one to three streams from next September; and to go ahead with KDI's pilot training programme. More space needs to be found and more state-of-the art equipment. Mr Goddard reckons the government may need to spend as much as $500m over the next five years on computer equipment for schools and elsewhere – which with current constraints on the budget will be far from easy.

Mr Branker is concerned about the logistics of expanding the classes, believing, unlike most of the others, that the 386 computers at the college could be kept. He is concerned lest his classes seem like little more than a training school for KDI. But he is told that his students will enter a free market and are free to work for whom they please.

Mr Mowatt says KDI is "on its way to becoming the largest software company in the Caribbean". But, more importantly than that, it is showing the way forward for Barbados and other developing countries to provide high quality jobs for a growing workforce.

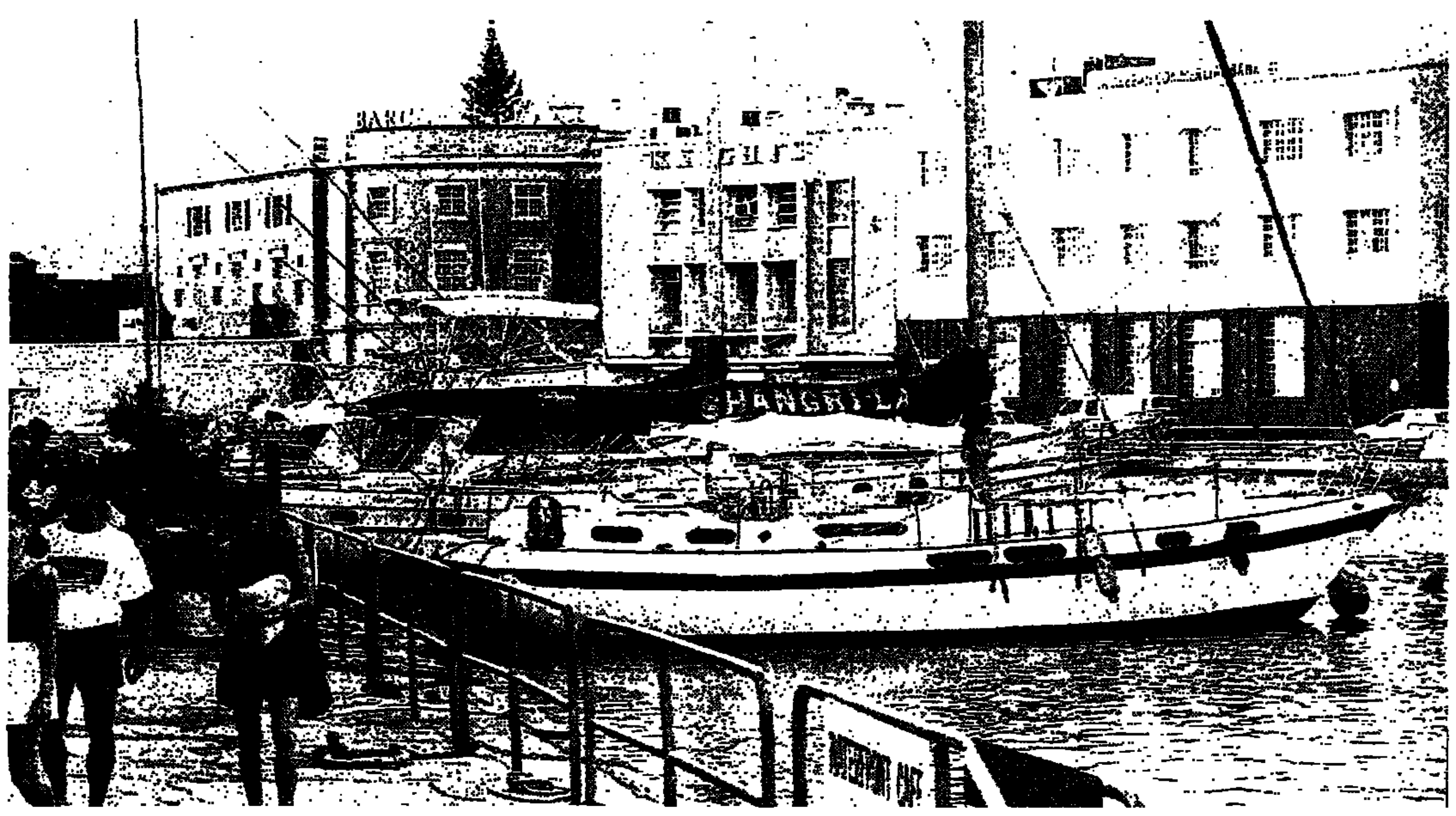
However, KDI is not the only informatics company around. Others such as Caribbean Data Services, a sister company to American Airlines, are said to be moving to provide higher value added. Some estimates suggest only a fifth of its activity consists of just direct keyboarding of data and an increasing amount of its work – and that of other companies present on the island such as Manulife and R.R. Donnelley of Chicago – involves more complex work such as the processing of medical insurance claims.

> The government may need to spend $500m over five years on equipment for schools and elsewhere

Furthermore, government officials say a software development company is close to announcing its intention to establish a presence on Barbados, a move which would entail the entry to the island of as many as 100 foreign programmers. This would entail in the initial phase jobs for some two dozen Barbadians, although this would rise, perhaps considerably, over time.

Mr Goddard and others see little alternative but to grant work permits in order to ensure the transfer of skills and technology. The issue does not appear divisive politically. Mr David Thompson, leader of the opposition Democratic Labour Party, says that if granting work permits brings jobs to Barbados, he will be in favour.

"If a high quality company wants to set up here and needs 50 work permits and they are going to employ 50 Bajans, we are going to welcome them," says Mr Lawson Nurse, chief executive officer of Barbados Investment and Development Corporation.



The harbour area of Bridgetown

Mike Moon

Canute James looks at the new direction of foreign policy

Diplomats turn into salesmen

There is a new shingle on the door of the Ministry of Foreign Affairs. It describes the office as the Ministry of Foreign Affairs, Foreign Trade and International Business. This is more than semantics, and the change is not cosmetic, says Ms Billie Miller, the minister, who is also the deputy prime minister.

"This ministry has been recast and given the tools to make it a productive sector ministry," she says. "This reflects new directions in our economy, in which Barbados is becoming an international business centre."

With the end to the cold war and the reduction of international tensions, Barbados' outlook has changed. National security interests are synonymous with economic security concerns. Like other small developing nations, there is a fear of becoming a straw in the winds of change which are blowing through global trade.

Trade concessions are ending, and those which Barbados still enjoys, mainly with the European Union and the US, are being incessantly criticised. The new policy demands that the island stands on its own feet while making as much use as it can of existing preferences.

For Barbados, foreign representation now has as much to do with statements of positions on global issues in international forums, and looking after the island's nationals abroad, as it has with drumming up new business and encouraging investors.

This is driven by the changes in economic direction. Once based on sugar, Barbados' economy is turning more to marketing international services. It has a good record in tourism, and is building on this by expanding its offshore financial services and informatics.

The change was made clear to heads of foreign missions when they met just before last Christmas. They were told that Barbados is changing tack to become a major international business centre. In additional to their traditional duties, diplomats are now to write business for the country.

"Many people drawn from business and industry are now heading our foreign missions," says Ms Miller. "This is deliberate, as we want it to reflect our new directions. The missions are still looking at our nationals abroad. There is no diminution in this responsibility. But they now have added responsibility for encouraging new business."

As part of an archipelago, Barbados inevitably has close links with its neighbours, and sees itself as having a special relationship with those which are more immediate. Mr Owen Arthur, the prime minister, says his administration will build on the close ties with the Leeward and Windward Islands, which make up the Organisation of Eastern Caribbean States. "We have common objectives in economic development," says Mr Arthur.

Barbados is a founding member of the Caribbean Community (Caricom), a 14-member grouping of the English-speaking countries of the region, and Surinam. Efforts by the 22-year-old Caricom to find a common approach to trade matters, and an ambitious plan to create a single market, have been less than most leaders appear to have expected.

Both Mr Arthur and Ms Miller maintain that Barbados will not abandon its "special" role in Caricom, and that the island will enhance this by becoming an economic "hub" for its immediate neighbours.

> The Caribbean Basin Initiative was "disappointing" for Barbados

"Caricom must be seen as part of the hemisphere, and must lead links with Latin America," says the foreign minister. "Latin America must not be seen as a foreign territory, and the establishment of the Association of Caribbean States has shown the possibilities."

The nascent ACS is made up of 24 nations in the Caribbean Basin, and promises to be an important world trade bloc. Its first summit is planned for August. "Caribbean and Latin American countries have common problems, so the ACS will offer a promising market," Ms Miller says.

Inevitably, Barbados will have to consider its place in the changing economics of the Americas – particularly the impact of the North American Free Trade Agreement, and the plan for a hemispheric free trade zone by 2005.

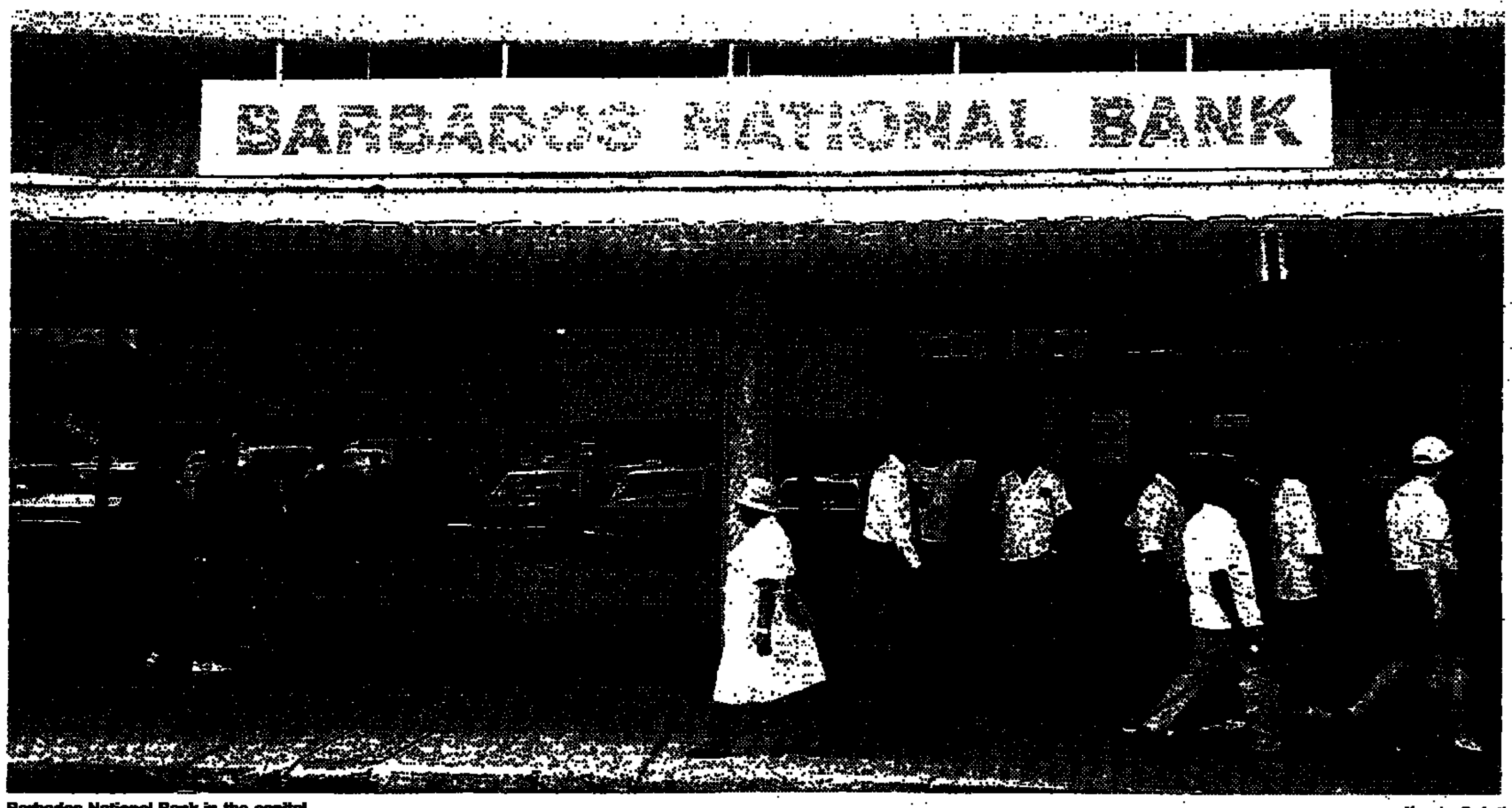
The Caribbean Basin Initiative, which allows countries selected by the US to ship a range of products – also determined by Washington – duty free to the US, was "disappointing" for Barbados, says Ms Miller. The initiative, started 11 years ago, favoured countries strong on merchandise trade.

Barbados has not joined its Caricom neighbours which are seeking membership of Nafta, but the region must take a more positive view of the dismantling of trade barriers in the hemisphere, says the minister. Implicit in this more selective approach is a readiness to take advantage of any new market opportunities for the growing services sector.

While Barbados is looking for new opportunities, there is latent concern about some old arrangements. The government is worried about the progress of a review of the Lome Convention, the trade and aid treaty between the EU and several developing countries. The convention expires in 2000, and there is doubt that it will be renewed.

"We are concerned about the negotiations of the financial protocol, and we hope that by the end of April this matter will be resolved," says Ms Miller. Funds from Europe are important to the Lome signatories, but the review has been troubled by disagreement on the way the money is to be spent and the amount, particularly because the population of the signatories in the Caribbean region has tripled with the admission of the Dominican Republic and Haiti.

"This might be the last Lome Convention," says Ms Miller, "but there will be a successor agreement which will take another form."



Barbados National Bank in the capital — Veronica Garbutt

Stephen Fidler explains why the regime is proving attractive to foreigners

Growing role of offshore finance

The growth of Barbados as an offshore financial centre has hardly been meteoric: the idea was first mooted 30 years ago. But in recent years, the sector has grown in importance to the island's economy.

A study produced for the government last year estimated that gross taxed earnings of the offshore finance centre industry amounted to $75m. Of this, government fees and taxes accounted for 17 per cent, payroll costs for 37 per cent and other local costs for 46 per cent.

Mr Peter Boos, of the accounting firm Ernst and Young, points out that of this gross figure, a very high proportion is retained on the island. Tourism receipts are much larger at around $500m, but only between 30 and 50 per cent of this is retained because of the demand for imports created by tourism. Some 2,000 direct, high-quality jobs are also at stake in financial services and informatics.

The study showed that, from 1988 to 1993, the number of international business companies grew from 439 to 1,171, of foreign sales corporations from 330 to 926, of exempt insurance companies from 153 to 190 and of offshore banks from five to 19. Since then, the number of offshore banks has grown to 23, with eight or nine applications pending.

In numerical terms, the figures are not large when compared to some other offshore centres in the Caribbean – the British Virgin Islands, for example, has some 33,000 offshore companies – but Barbados has tried to distinguish itself from other havens.

Barbados has "a low tax, rather than a no tax regime, which does not rely on secrecy"

Mr Shastrie Ablack, managing director of CIBC West Indies Holdings, says: "Traditional offshore centres built their business on being tax havens and on their secrecy laws. In Barbados, you have a low tax, rather than a no tax regime, and it does not rely on secrecy to provide offshore benefits."

Barbados, whose relevant tax rates vary between zero and 2½ per cent, has double taxation treaties with the main financial jurisdictions – the US, the UK and Canada – and has signed a number of exchange of information agreements.

Mr Alfred Clarke, a lawyer whose firm is increasingly involved in offshore transactions, says: "We have confidentiality rules but not secrecy. Investors don't have bearer accounts or numbered accounts. Regulators and lawyers need to know who they are dealing with."

Another attorney, Mr Trevor Carmichael, points out that many of the companies in Barbados are not seeking to hide their activities. The opposite is the case. "Many of the clients operating here in Barbados want disclosure. For example, they want to demonstrate to another taxing authority that they have paid tax."

Because of the nature of the offshore regime, Barbados has maintained a good reputation. Despite its proximity to Latin America's drug-producing regions and its occasional use as a drugs transit centre by traffickers, diplomats say they do not believe that Barbados is an important centre for money laundering. One reason that a proposed casino on the island is unlikely to meet approval is because of the impact it may have on the reputation of the financial sector.

Bankers say customers are attracted by the island's political stability and the fact that the regular exchange of power between parties has never affected the offshore regime. Barbados has the advantage of a legal system based on English common law, and judicial procedures that, while slow, are regarded as honest and reliable. Some believe the ultimate right of appeal to the Privy Council in London is also a comfort.

The island has good air and telecommunications links. The professional infrastructure is seen as good: the main accounting firms are present and there are some talented lawyers, though some think the legal profession will need to be shaken up – perhaps through links with law firms in London and elsewhere – if the offshore sector is to grow rapidly.

There is concern, however, that the offshore sector is too narrowly based. According to last year's study, the US and Canada accounted in almost equal measure for 94 per cent of the country's offshore business. A hiccup in the relationship with either jurisdiction could thus prove very damaging for the sector. "We don't want to be dependent on Canada and the US only," says Mr Boos.

There is thus an attempt under way to diversify business towards Latin America, for example, and to push ahead with legislation to broaden the number of products that can be offered to customers.

Although the first offshore legislation was passed in the 1960s in the form of the International Business Companies Act, it was not until the late 1970s and early 1980s that a more decisive move was made to encourage the sector with the passage of an offshore banking act and the agreement of a number of double taxation treaties. Real momentum was given with the Foreign Sales Corporations Act of 1984. Barbados had a tax information exchange agreement with the US by 1984 and was qualified to host foreign sales corporations by the US.

The new legislation planned would among other things create what are called societies of restricted liability. These are hybrid entities that can be defined as partnerships in some jurisdictions (primarily the US) but are regarded as corporations in the country where they are established. Also in the works are an exempt limited partnership law and legislation for offshore mutual funds, which is now in the draft stage. Some changes to the international business companies law are also expected.

However, there are complaints that the legislative process moves far too slowly and that the committees proposing the legislation, dominated by the accountancy profession, spend too much time on their work. "The whole process of introducing legislation is too slow. It needs to move more quickly," says one individual involved.

Nelson's Column, in Trafalgar Square, Bridgetown

■ THE PROPERTY MARKET

Tourists eye 'gold coast'

Once a string of quiet fishing villages, the west coast of Barbados has been transformed into the "gold coast" – some of the more expensive real estate in the region. The property market has grown significantly with the progressive expansion of tourism, writes Canute James.

The increasing number of foreigners buying property, and the high prices which the market commands, have inevitably raised questions about the effect this has on Barbadians who wish to buy property in their own country.

"It is often said that foreigners come into Barbados, buy property and push up prices," says Mr Paul Altman of Alleyne, Aguilar and Altman, one of Barbados' leading real estate agents. "This is not strictly true as there are two property markets. The sales to foreigners are at high prices, but foreigners are not buying where Barbadians buy."

He explains that foreign buyers favour beach front and selected areas. "Tourism is our lifeblood and with tourism comes foreign interest in property."

Foreign investment in property has been helped by an absence of restrictions on purchases by non-Barbadians. There is, however, a 10 per cent tax on purchases by foreigners, with legal fees averaging 3 per cent. There are some exceptions to the application of the tax, however, such as at Royal Westmoreland, the upmarket golf resort.

What draws foreign buyers to Barbados is that the returns on investment in property are good. "They are not buying because the value will double, but because it is an investment in a location that has an advantage," says Mr Altman.

"Prices do not fall in value. At a minimum, they keep pace with inflation. Prices increase roughly 10 per cent a year, and the market is fairly liquid."

Owners of residential properties can get long-term rentals ranging between US$1,500 and $10,000 a month, while commercial property rates are $10 to $20 a square foot per year.

Most buyers have been British, but there is a growing market in Canada and the US east coast. There has been recent interest from neighbouring Trinidad and Tobago, and from Latin American countries, especially Venezuela.

Tourism is pulling itself out of a slump, writes **Canute James**

A natural fit for the island

In an effort to widen its market through more aggressive promotion, Barbadian tourism has jumped into cyberspace. Information about a holiday on the island can be found on the World Wide Web of the Internet, the global computer network, which is used by an estimated 35m people.

"This is the sort of activity that is going to propel Barbados," says Mr Phillip Goddard, junior minister for international business. "This is the way tourism should be marketed." While promotion on the Internet will not solve all of Barbados' tourism problems, "it is an additional opportunity to promote what we have in Barbados," says Mr Jeff Kinch, president of the Barbados Hotel and Tourism Association.

Tourism in Barbados is pulling itself out of a slump which it shared with most other regional resorts. The Gulf War and economic recession in the major markets in North America and Europe depressed holiday travel. While the volume of arrivals last year was 7.5 per cent more than 1993, the administrators say much more must be done to market the island.

Boats moored on the east coast

"Tourism has suffered recently because of administrative problems and little promotion," says Mr Goddard. "Tourism is a natural fit for Barbados as the island can deliver a quality product, but it lacked proper management and strategic focus. We are resolving these problems now."

There was little attention to diversifying the product, explains Ms Donna Symmonds, chairman of the Tourism Authority. Consequently, while the upmarket hotels did well, the lower end suffered lower occupancies last year. "By next March we will be back on track."

Tourism's performance is often affected by factors over which the island has no control, such as changes in the parity of the major currencies. Barbados' currency is pegged to the US dollar. The recent weakening of the dollar makes the country a better bargain for European visitors. A strong US dollar makes the island less attractive than Europe to North Americans.

But competition for Barbados tourism is coming not only from other established resort in the region, but also from the increasing efforts of several states in the US to offer what is perceived to be a cheaper and safer holiday as an alternative to the Caribbean.

Barbados is hoping to attract 450,000 stay-over visitors this year, 6 per cent more than last year. Volumes in the recent high season were affected by a mild autumn and winter in Europe, says Ms Symmonds. While low temperatures may often send shivering hordes southward in search of the sun, Barbados' tourism tends to rely on less fickle factors.

The island offers a holiday, the variety of which belies its size. Making use of the traditional sun and sea, Barbados invites visitors to share in a rediscovery of its history and its heritage. Caves and the botanical gardens attract growing volumes of visitors. Thousands visit the island to see international sporting events.

It is true that there have been a few incidents of attacks on visitors over the past five years, but the island boasts a record of safety for tourists which is envied by many of its neighbouring and competing destinations.

A Barbadian holiday is more expensive than one in other resorts, says Ms Symmonds. "But visitors get value for money. There is good infrastructure and this is a fairly safe destination. We have the greatest number of repeat visitors in the Caribbean."

Most tourists come from Britain and the US, followed by Canada. The tourism authority is trying to exploit new markets in Europe, particularly in the Scandinavian countries, and in Brazil and Argentina. Training for hotel workers now includes courses in the languages of these new markets.

Supporting stay-over tourism is cruise shipping. An increasing number of ship calls brought 459,000 visitors last year, 7.2 per cent more than 1993. They stay the better part of a day, and each spends an average of $22. Stay-over visitors spend five times as much each day, but the value from cruise shipping is more than the duty-free purchases at the port and the short tours of the island.

Cruise shipping provides free advertising for Barbados, explains Mr Paul Altman, president of the Barbados National Trust. The visitors get a brief look at the island, and then return to stay in hotels. There are plans to expand the cruise ship port in Bridgetown, and to build another at Speightstown, on the north-west coast, to take smaller vessels.

Barbadian tourism is caught in a debate about the way forward. One question is how much attention should be paid to the lower end of the market, which is based on the south coast, while continuing the development of upper end along the west coast.

"We need to focus on the upper end of the market," says Mr Altman, who is also one of the island's leading real estate agents. "This is a matter of good economics. The bottom end is struggling. The top end might not fail but the bottom end is always likely to fail. The bottom end creates environmental problems and needs more infrastructure."

Barbadians are debating whether casinos will be good for tourism and for the island. Interventions in a series of town hall meetings have not brought much analysis of the issue, but have indicated that opinions are polarised.

Casinos will bring more visitors and more money, runs one argument. They bring organised crime, drugs and prostitution, counters the other.

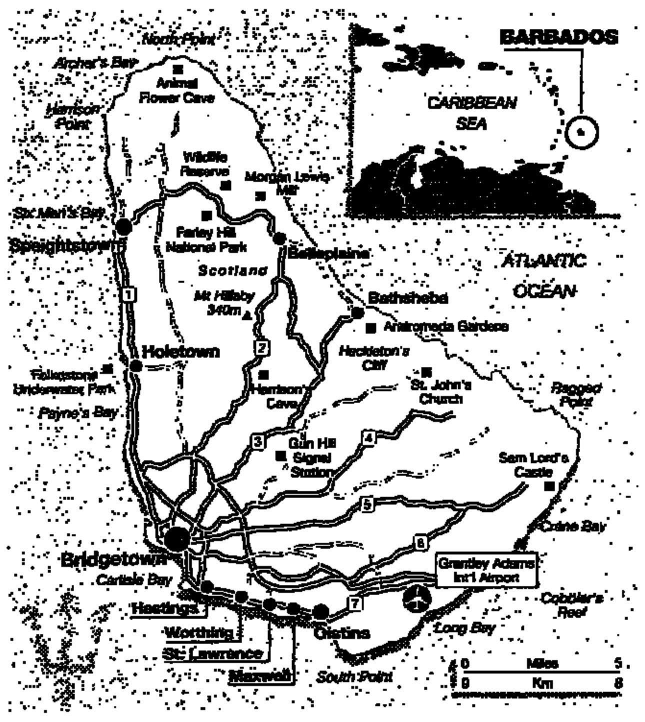
More attention should be paid on developing aspects of Barbados' heritage to attract more tourists, rather than establishing casinos, says Mr Altman. He expects significant tourist interest in the home of the late Lord Avon, who as Sir Anthony Eden was UK prime minister, which is being converted into an upmarket hotel.

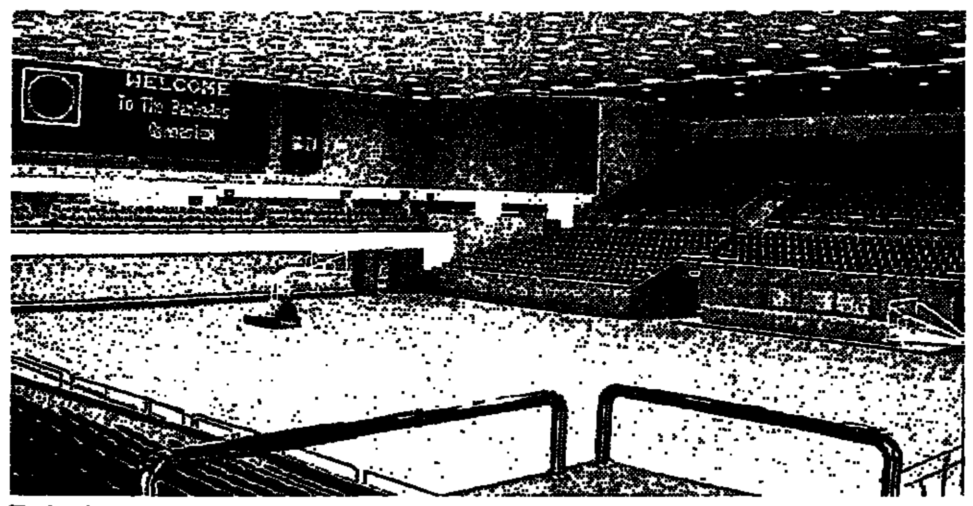
"Casinos will adversely affect Barbados' image as an offshore financial services centre," claims Mr Goddard. "Financial services are now more important to Barbados than casinos will ever be."

Cruise ship passengers by month

Month	1993	1994	% change
January	46,984	55,632	18.4
February	46,505	44,448	(4.4)
March	56,533	64,924	14.8
April	36,542	45,361	24.1
May	25,745	23,305	(9.5)
June	26,472	29,049	9.7
July	25,649	24,274	(5.4)
August	25,644	27,433	7.0
September	22,424	14,731	(34.3)
October	21,744	30,172	38.8
November	40,369	48,248	19.5
December	54,000	51,925	(3.8)
TOTAL	428,611	459,502	7.2

Source: Barbados Tourism Authority





The interior of the island's state-of-the-art sports complex

Sporting holidays

When Australia defeated the West Indies in a Test match in Barbados earlier this month, about 900 Australians were there to support their team. England's defeat of the West Indies at the same ground last year was watched by 1,500 England supporters.

These travelling supporters, and the income they bring, have encouraged Barbados to make a business out of sport. Capitalising on its fine weather, Barbados is offering itself as the ideal location for a sporting holiday. The target is both the spectator and the participant.

"This is one area in which we see significant potential for a lucrative expansion of our tourism," explains Ms Donna Symmonds, chairman of the Barbados Tourism Authority. "Several sporting events have taken place here which have been shown on foreign television. We are marketing Barbados as the place for a sporting holiday."

The administrators of Barbadian tourism are hoping that they will be able to gain from attracting professional and amateur golfers to a new, specially designed resort. The ambitious Royal Westmoreland Golf and Country Club, a US$400m investment, is aimed at the higher end of the tourism market.

The resort will eventually have a 27-hole course, designed by Robert Trent Jones Jr, the acclaimed golf architect. The first 18 holes will be completed by the end of September, and the first occupants are expected by the start of the winter tourist season.

The resort will also be equipped with tennis courts, swimming pools and health and fitness centre. The golf links are surrounded by 360 homes which are being offered for sale to Barbadians and foreigners. Foreign buyers will not have to pay the 10 per cent tax required when they purchase other property.

The resort is being built by Coronation International Golf of the UK, and is aimed at the US and UK markets, the major sources for Barbadian tourists. "We are also looking at getting golfers from markets that are relatively new to Barbados, particularly from Japan," says Ms Symmonds.

The island is attracting a growing number of water sports enthusiasts, with televised and internationally recognised events. The waters of the south coast are favoured by windsurfers, and have been the site of Mistral World Championships. Bathsheba on the rugged east coast attracts surfers. Divers go to Barbados to look at the coral formations and famed wrecks, while skiing and para-sailing are popular.

The increasing interest in yachting has led to plans for a fully serviced resort, to be built on the north-west coast. It will be surrounded by 150 villas, each with its own boat slip. Construction will begin after an environmental impact study.

Canute James

■ Agriculture: why efforts are being made to diversify

Sugar teaches bitter lesson

The King of Barbados has lost his crown. Sugar, which once ruled the island's economy, has fallen on hard times. He is now fighting to maintain a modicum of respectability.

A combination of poor administration, inefficiency and drought has depressed the industry, making it financially weak and unable to meet its lucrative foreign quota commitments and domestic demand. For the third year in succession, Barbados will be an importer of sugar.

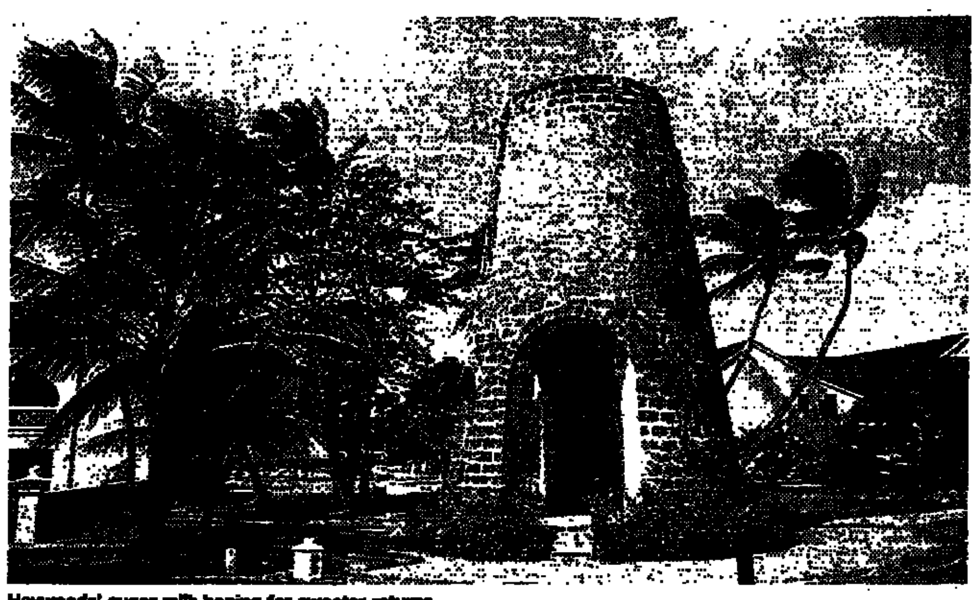
Production this year is forecast at 37,000 tonnes of raw sugar, just over a half the average annual output in recent years. An effort to rehabilitate the industry, started two years ago, has been frustrated by "the worst drought we have had in the last 140 years," says Mr Attlee Brathwaite, chief executive officer of the Barbados Agricultural Management Company.

The company was created two years ago specifically to save the tottering sugar industry. It is being supported by the Barbados Agricultural Credit Trust, which has taken over the B$300m debt of the industry. The debt had crippled the operations of Barbados Sugar Industry, the main producer, and several smaller producers.

BAMC manages 40 of the island's 100 sugar plantations which it leased from the owners, as are the island's three mills. There are also 1,500 small farmers in the industry. The owners were offered the option of leasing their farms to the company for 12 years, with the payments going towards retiring their debts.

Booker Tate, a subsidiary of Booker in the UK, has been given a management contract to oversee the industry. Mr Brathwaite expects full recovery by 1998. "By then we expect to be producing about 66,000 to 70,000 tonnes a year," he says. "This will allow us to meet all out export quotas and domestic demand."

Unable to meet its European Union quota of 54,000 tonnes for the current delivery year which ends in June, Barbados has claiming *force majeure*. If this is granted by Brussels, the island will not lose any of its quota. It has been unable to meet its 7,000 tonnes annual quota to the US for several years.


Heywoods' sugar mill: hoping for sweeter returns

The European and US markets are important to the financial health of the industry and of the island's economy. Prices on both markets are significantly higher than those on the world market, where returns are below Barbados' production costs. Consequently, the industry's priority is to meet the EU quota, and then to get the 12,000 tonnes needed each year for the domestic market. Domestic demand was met last year, and will be again this year, by imports from Guyana.

Egyptian or Indian cotton have some Sea Island qualities, but Barbadians say the Caribbean grows the only pure variety

Improving the fortunes of the industry will depend as much on correcting its parlous financial condition as on improving productivity. The island has about 45,000 acres of land considered suitable for sugar cane, of which 30,000 acres are being used. With a fifth of this rotated to other crops, the industry wants to lift yields from the average 2.4 tonnes an acre to 2.9 tonnes.

Small fields have to be combined to benefit from economies of scale. The average plantation is 200 acres, but an average of 700 acres is needed to improve productivity with mechanisation, explains Mr Brathwaite. Both mills and farms need retooling. Higher levels of mechanisation will solve one problem in the industry. Although Barbados is a labour surplus economy, sugar farm labour is hard to find and, in consequence, is one of the highest cost factors in the industry.

Rationalising the industry might also lead to the closure of the oldest of the three mills, and an effort to make the others more efficient. The three have cumulative capacity of 90,000 tonnes a year.

The bitter lessons from sugar's collapse have led to efforts to diversify Barbados' agriculture. More attention is being given to cotton, mainly the premium Sea Island long staple variety. Some of the 5,000 acres of sugar cane farms being rotated each year are being used for Sea Island cotton, which has had a ready market in Japan.

Sea Island cotton, which is also being produced by some of Barbados' neighbours, is not available in sufficient quantities to satisfy the demand from the world's fashion centres where ties, shirts and suits made from the product are commanding higher and higher prices.

Barbados' cotton industry has had to fight attempts from other parts of the world to equate their cotton with the Sea Island variety. Long staple Egyptian and Indian cotton have some of the qualities of Sea Island cotton, but Barbadian producers contend that the only pure variety of this cotton is grown in the Caribbean islands.

Cotton is being grown now on 750 acres with a production target of 12,000 pounds of seed cotton per acre. However, the Japanese, the main buyers, now have a surplus of long staple cotton. "If we are producing increased acreage or allocating increased acreage to cotton, it is sensible to explore additional market opportunities," says Mr Brathwaite. "This year's crop will produce 1.1m pounds of seed cotton, four times as much as last year."

The small area and relative high population density of Barbados does not allow for large-scale livestock. But an effort is being made to encourage the expansion of the herd of Black Belly sheep, which lambs frequently and produces high quality mutton. "We are aiming at an export market which does not compete with cheaper New Zealand lamb," explains Mr Brathwaite.

Canute James

Producers breathe a sigh of relief, writes **Canute James**

Europe eases rum quotas

Barbados rum producers – and their colleagues in other parts of the Caribbean – are breathing a little easier. Their persistent efforts to increase access to the European Union have been rewarded by an agreement to lift quotas on some types of rum in January next year, and on others by 2001.

Without this, the rum industry would continue to be hobbled in meeting what producers say is increasing demand in Europe. The rum quota was being filled within a few months, leading to a shortage of rum in Europe.

"The current quota is 244,000 hectolitres a year for the Caribbean producers," says Mr Patrick Mayers, deputy managing director of Goddards Enterprises, one of the larger Barbados conglomerates which owns a rum producer. "The delivery year ends in June, but we have access for only 13,000 hectolitres more."

The producers had first argued for an increase in the EU quota to meet growing demand, and then for the abolition of all quotas. "This is not all we wanted, but we are heartened that the way has been made clear for more Barbadian rum to enter Europe," says Mr Mayers.

The growth in demand was assisted by a determination by the EU five years ago that not all spirits being marketed as rum were the genuine product. Real rum is that which is made from sugar cane molasses.

This, and the change to the quotas, eased one of the problems faced by the industry which has been expanding steadily in recent years. Exports earnings were B$6m in 1982, and are expected to reach B$20m this year. But having fulfilled all market opportunities in Europe and the US, further growth depends on new markets and control of production costs.

In eastern Europe, the taste for the spirit was encouraged by Cuban rum, which was once bartered with Comecon members

Although Barbadian producers have been expanding their sales, costs have been rising rapidly. The weak performance of the domestic sugar industry, caused by drought and heavy debts, has forced producers to import molasses, the feedstock for the distilleries. Prices of molasses have increased since the floods in the US Midwest two years ago. The sugar industry is recovering and distillers expect to have enough domestic molasses in three years. Freight rates and energy costs have gone up.

"Although we have expanded production and improved efficiency, the industry is still not making a fair return on the investment," says Mr Mayers.

The producers have found a way out through commercial agreements with large liquor producers. An agreement with IDB, the distillers, has created a joint venture which has given it a 50 per cent interest in Goddard's Cockspur brand. The agreement, for 10 years, will allow Barbadian rum to be used in Malibu, the rum-based coconut liqueur.

The international profile of Barbadian rum has also been heightened through an agreement between Mount Gay Distilleries, another producer on the island, and Remy Martin of France. "The brand owners, Mount Gay first and then us, recognise that we must entertain partners," says Mr Mayers. "We need a good working relationship with large companies in the market as they control distribution. It is a question of profitability. How does one expand and keep pace with the big companies?"

Barbadian producers are studying another lucrative market. There is increasing demand in eastern Europe, where the taste for the spirit was encouraged by Cuban rum, which was once bartered between that island and Comecon members.

Small island states such as Barbados face growing competition from Brazil and other producers. There is a danger that the identity of the island's product could be lost in the international market.

Barbadian distillers maintain, however, that the quality of the island's product gives it an advantage over others. Small producers, they argue, are better able to maintain consistency in quality. They contend that this guarantees continuing demand even if production were to be increased substantially.

Business guide for visitors

As a growing offshore business sector, Barbados has been attracting an increasing number of business visitors. This has led to a marked improvement in recent years in the facilities which are available.

The most significant of these is the improvement in telecommunications. Links between Barbados and the rest of the world are excellent, with reliable international telephone lines, and an international data access service which allows connections to computer databases overseas, and to electronic mailing services. Arrangements can be made with local Internet providers. Facilities are also available for live telecasting and video conferencing.

A wide range of professional services is available for the longer-stay business visitor. Several of the better-known commercial banks are represented on the island, and there are many law firms, chartered accountants and auditors.

It is easy to get to Barbados from the US or the UK. American Airlines, Air Canada and BWIA International link the island to North America, while BWIA and British Airways are the main carriers from Europe. Carib Express and Leeward Islands Air Transport link Barbados to neighbouring islands.

Barbados is 90 minutes from San Juan, Puerto Rico; three hours 40 minutes from Miami; four and a half hours from New York; nine hours from London and 90 minutes from Caracas, Venezuela.

The taxi service is efficient. Taxis are readily available at the airport and rates are set for all parts of the island. The local bus service offers a well-organised schedule all over the island. Cars are available for hire from several agencies. A valid foreign driver's licence gives one temporary registration to drive in Barbados. Driving is on the left and the speed limit is 80km per hour.

Barbados takes pride on its good safety record. Visitors can drive and walk freely all over the island, but Barbadians warn against anyone being careless and foolhardy. They advise prudent measures for personal safety, as one would employ anywhere else.

Commercial banks offer the best rates in converting foreign currency to Barbados dollars. It pays to change money at the banks rather than offer foreign currency to pay for a transaction, such as a meal. A visitor can change money at a bank at the airport immediately after clearing immigration. The Barbados dollar is tied to the US dollar, and the exchange rate is B$1.98 to the US dollar.

There are no set rules for dress at business meetings. Jacket and tie or the visitor's national dress are as acceptable as whatever is thought best for the island's warm, sunny climate.

Barbados offers a wide variety of accommodation all over the island. The larger hotels on the coast, just south of Bridgetown, offer ideal accommodation for the short-stay business visitor. The Tourism Authority's office at the airport advises on the location and cost of hotels. The visitor who is staying longer might consider a self-catering apartment or a furnished villa or cottage.

Most of the major hotels offer convention and meeting facilities of varying sizes. The Barbados government is hoping that it will find frequent clients for a new conference centre in Bridgetown. "We are trying to market the conference centre for business tourism," says Ms Donna Symmonds, chairman of the authority. "The convention facilities are excellent, but there is one drawback – the centre does not contain a hotel to accommodate conferees.

There are many opportunities for relaxation after a business day. The island offers a surprisingly wide range of restaurants. In addition to those in hotels, there are inevitably many good eating places within walking distance of most of the big hotels. A gratuity of 10 per cent is standard.

Productions are frequently staged by local theatre companies, and there are several night clubs in the main resort areas. The National Trust offers a "passport" to several attractions which highlight Barbados' heritage. Facilities for sea-sports – diving, parasailing, skiing and yachting – are many.

Canute James

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